HER FINTECH EDGE

Market Insights for Inclusive Growth

IFC International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

Acknowledgements

This report was a collaborative effort between IFC's Banking on Women team, Dalberg Advisors, and Dalberg Research.

The overall project was led by an IFC team comprising Anushe Khan, Jorge Godoy, Minakshi Ramji, Sebastien Veit and Angela Lumanau. The research in the report was funded by the Women Entrepreneurs Finance Initiative (We-Fi), with the specific aim of advancing economic and financial opportunities for women entrepreneurs. Contributing IFC and World Bank experts and peer reviewers were Beniamino Savonitto, Heather Kipnis, Jaylan Elshazly, Leora Klapper, Pamela Lian, and Tatiana Alonso Gispert. Contributing Communications colleagues were Elena Gex, Fredrica Lissakers Mayer, and Linda Smiroldo Herda. The IFC team would also like to recognize Patrick Friend for copy editing and Cynthia-ël Hasbani for the design process. For their guidance and feedback throughout, the team would also like to acknowledge Jessica Schnabel, Hans Koning, and Shinya Yoshino.

Dalberg team comprised Kunal Walia, Vineet Bhandari, Jasper Gosselt, Naoko Koyama, Kashvi Trivedi, Saksham Khosla, Ria Gupta, Daniel Omollo, Peter Otienoh, and Emmanuel Ng'ososei.

The authors would like to thank the individuals and organizations who kindly shared their time, experience, and knowledge. This report would not have been possible without the generous contributions of the fintech firms that participated in the survey and interviews, sharing their expertise and feedback.

The authors would also like to thank sectoral experts who provided valuable insights: Amie Patel (Elevar Equity), Camilo Tellez-Merchan (Better Than Cash Alliance), Esther Njoroge (FMO), Gayatri Murthy (CGAP), Gisela Davico-Thaler (Better Than Cash Alliance), Gonzalo Sanchez (Finnovista), Graciela Herrera (Finnovista), Irene Arias Hofman (IDB Lab), Kristin Sadler (Quona Capital), Musheer Ahmed, and Shilpi Shastri. The authors also thank partners and industry associations for their support in conducting this research: African Women in Fintech & Payments, Alliance of Digital Finance Associations Philippines, AVPN, Convergent View Research & Consultancy Pvt Ltd, Eksen Research, FinStep Asia Limited, Fintech Alliance.ph, Fintech Association of Nigeria, Fintech Philippines Association, Global Impact Fintech Forum - Africa Chapter, Hussein Mbode, Indonesia Fintech Association, Indonesia Fintech Lending Association, Kalungi Faissol, Luyanda Mnuna, Mercaplan, Mitchris Chapman Kodam, SALL Kalidou Ibrahima, The Payments Association of South Africa, Tracy Akach, Wahida Mohamed, X Market Ray, Zinsou Ruth Udoka.

ABOUT IFC

IFC is the largest global development institution focused on the private sector in developing countries. IFC, a member of the World Bank Group, advances economic development, and improves the lives of people by encouraging the growth of the private sector in developing countries. It achieves this by creating new markets, mobilizing other investors, and sharing expertise. In doing so, it creates jobs and raises living standards, especially for the poor and vulnerable. IFC's work supports the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity on a livable planet. For more information, visit www.ifc.org.

ABOUT DALBERG

Dalberg is a global group of businesses working to build a more inclusive and sustainable world where all people everywhere can reach their fullest potential. Dalberg was established in 2001 with the mission of bringing the best of private sector strategy to address global development challenges. Dalberg combines rigorous analytical capabilities with deep knowledge and networks across emerging and frontier markets. Dalberg's clients span the public, private, and philanthropic sectors. They work collaboratively to address pressing global problems and generate positive social impact from programs, investments, and initiatives. For more information, visit www.dalberg.com.

we-fi
WOMEN ENTREPRENEURS FINANCE INITIATIVE

ABOUT WE-FI

The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among the 14 governments that have made financial contributions, six multilateral development banks that serve as implementing partners, and other public and private stakeholders. We-Fi was formally established in October 2017 as a Financial Intermediary Fund hosted by the World Bank. We-Fi invests in programs and projects that help unlock billions of dollars in financing to address the full range of barriers facing women entrepreneurs—increasing access to finance, markets, technology, and mentoring, while strengthening policy, legal and regulatory frameworks. As one of the We-Fi Implementing Partners, IFC supports private sector clients with investment and advisory services to expand financial services and market access for women-owned/led firms, as well as increasing the capacity of women entrepreneurs to run high-growth businesses. For more information, visit www.we-fi.org

CONTENTS

LIST OF FIGURES

FOREWORD

Technology can advance women's financial inclusion; yet despite the potential, women face barriers to accessing and using digital financial services. According to the GSM Association's Mobile Gender Gap Report 2023, 900 million women are not using mobile internet and are 19% less likely than men to use it. Additionally, the World Bank Findex Report 2021 found that about 740 million women do not have an account at a financial institution or through a mobile money provider.

Current literature highlights that fintech firms hold the key to bridging these gaps and boosting financial inclusion for women. However, the research is limited to quantify the degree to which fintech firms are delivering on the promise of women's financial inclusion, and what specific practices or characteristics lead to success.

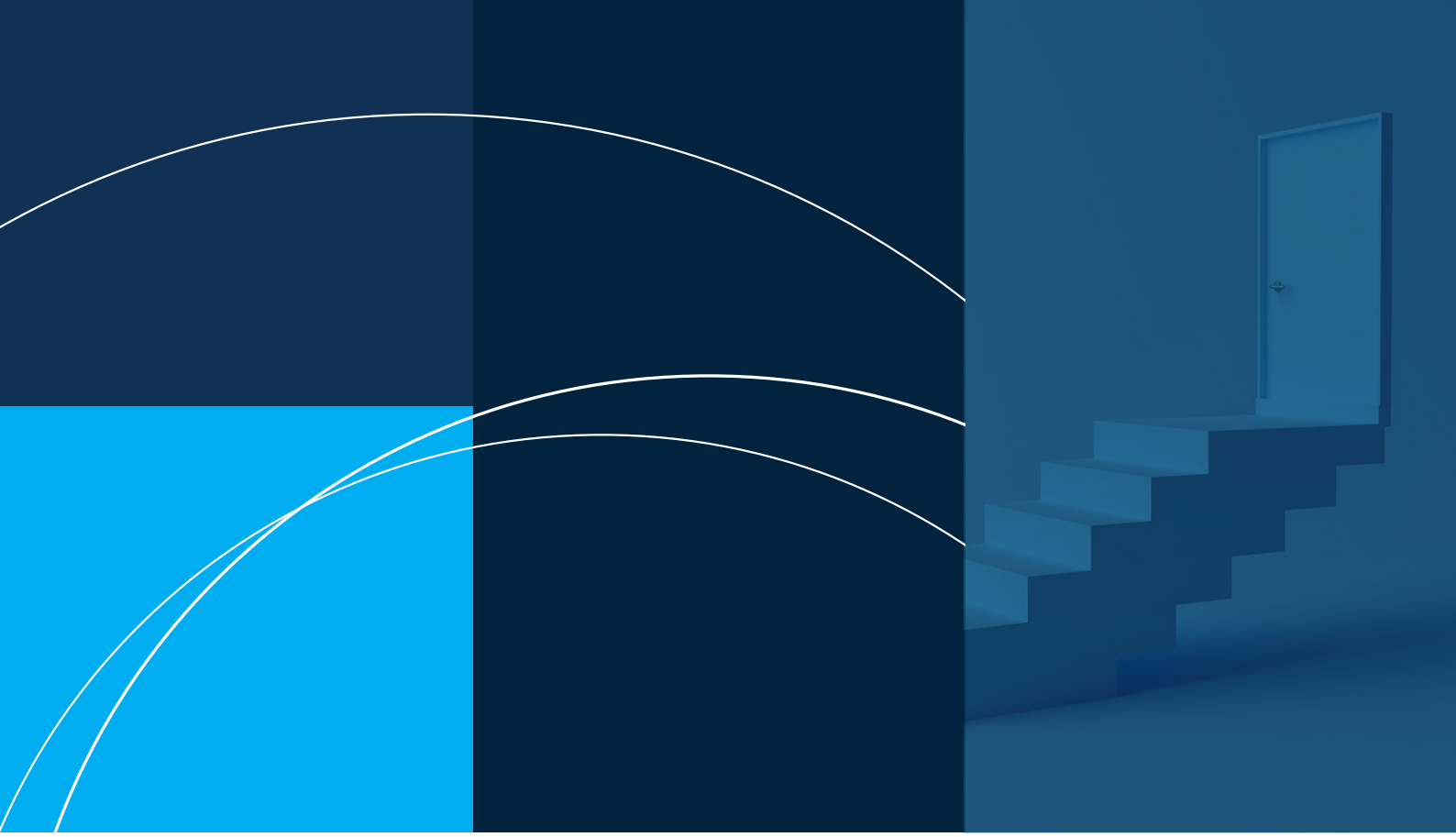
To explore these questions, IFC and Dalberg conducted a survey of 114 fintech firms from 17 countries around the globe to better understand the potential – and shortfalls – of fintech firms to drive financial inclusion for women in emerging markets. The survey includes information from fintech firms that provide lending, banking, insurance, and payment services. It uses quantitative and qualitative data to identify the drivers, barriers, and opportunities fintech firms encounter when serving women.

While progress has been made, significant gaps remain in serving women customers effectively. Fintech firms need to deepen their understanding of women's financial preferences and needs, identify and track the performance of women customers, develop market-specific knowledge, and leverage best practices to create value propositions that resonate with women.

What is clear from this study is that the unique and intertwined barriers that women face – including low digital literacy, social and cultural norms, and access to digital financial services – call for fintech firms to offer differentiated solutions to women. In doing so, fintech firms can unlock the full potential of the women's market – a valuable customer segment that generates revenue and exhibits both greater loyalty and lower default rates.

We hope this report inspires investors, incubators, financial institutions, and the entire ecosystem to support fintech firms to contribute to women's financial inclusion. At IFC, we will continue to support these efforts by working with fintech firms and digital financial services providers that serve women customers and demonstrate the clear business case for investing in this important market.

Emmanuel Nyirinkindi
Vice President, Cross-Cutting Solutions
IFC



EXECUTIVE SUMMARY

Digital financial services (DFS) have been considered a game changer for women's financial inclusion and economic empowerment. Despite the potential of DFS, barriers to access and adopt DFS persist. Fintech firms are believed to be better positioned to bridge this gap relative to traditional financial service providers, through their DFS arms. However, to date, there is limited research that quantifies the degree to which fintech firms are trying to deliver on this promise and what specific practices or characteristics of fintech firms are leading to success. This study draws on a survey of 114 fintech firms across 17 countries, as well as interviews with leaders from 25 fintech firms, to fill these knowledge gaps by answering a number of key questions.

These questions explore the extent of women's representation within fintech firms' portfolios and the factors influencing this representation. They investigate whether fintech firms actively target women customers and, if so, the strategies they employ. And they examine the performance of women customers in comparison to fintech firms' overall portfolios, considering metrics such as loyalty, customer lifetime value, and default rates. In answering these questions, the study identifies the support needs of fintech firms to serve women strategically and outlines future opportunities for the fintech ecosystem.

The results of the study provide emerging evidence in favor of fintech firms serving women intentionally through business strategies informed by analysis of sex-disaggregated data (SDD). By embracing these practices, fintech firms could capitalize on the under-tapped women's market and add to their bottom lines while contributing to greater financial inclusion. To accelerate this journey, fintech firms in this study highlight several needs, which could be an opportunity for the ecosystem: investors, development actors, industry bodies, and incubators.

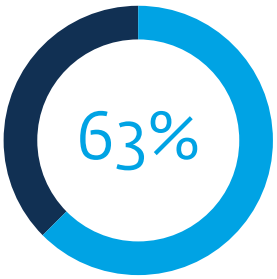
Although the study benefits from a larger sample size than typical in similar research, it lacks representation of the broader fintech sector in the focus countries. The sample is therefore likely skewed toward fintech firms intentionally serving women and disproportionately features digital lenders, giving rise to an uneven distribution across markets. Consequently, a more comprehensive analysis of the broader fintech sector in focus countries is warranted.

The intended audience includes fintech firms that can apply intentional strategies to design tailored products and offerings in their business by leveraging the report's findings and case study examples.

Key Insights

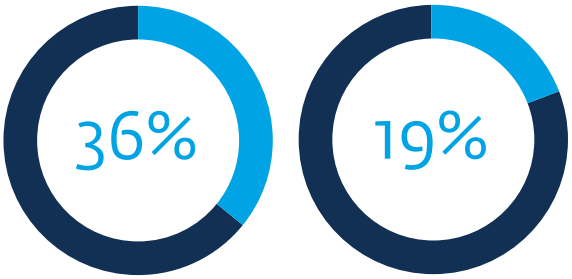
Many fintech firms report that women constitute <25% of their customers—with lower representation among business customers and lending-focused fintech firms.

Share of **lending-focused fintech firms** that report women comprising less than a quarter of their customers



Business customers **Retail customers**

Share of **savings and payments-focused fintech firms** that report women comprising less than a quarter of their customers



Business customers **Retail customers**

Lending-focused fintech firms

Business Customers: Among surveyed fintech lenders, 63% report that women comprise less than 25% of their business customers.

Retail Customers: Results are more encouraging in the retail segment: 27% of fintech lenders report that women comprise less than 25% of their retail customers.

Savings and payments-focused fintech firms

For fintech-provided savings and payments services, women are more prominently represented in the customer base:

Business Customers: Among surveyed fintech firms delivering savings and payments, women represented less than 25% of the business customer base for only 36% of the firms.

Retail Customers: For surveyed fintech firms offering savings and payment services in the retail segment, women comprised less than 25% of the retail customer base for only 19% of firms.

59% collect sex disaggregated data, but few use it; less than a third tailor their products and services towards women.

Practices adopted by fintech firms to serve women effectively (N=114)

59% report collecting **sex-disaggregated data*** **(SDD)** for their customer base, but most do not analyse SDD to tailor their value propositions for women

45% report using **differentiated marketing materials** or channels to reach new women customers**

39% report using **targeted partnerships** to leverage partners' network of women customers/sellers, deliver educational programmes, or build last-mile access**

32% report **customizing financial products** for women customers by designing for niche segments, building flexibility, or bundling**

21% report **providing support services** to address financial/ digital literacy-related barriers or increase the value of DFS for women by offering business coaching**

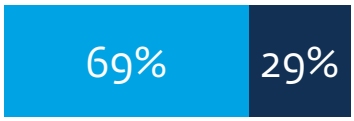
(*) SDD could include either or both: information of customer's sex collected during onboarding; demand-side research disaggregated by sex; (**)Firms reporting tailored marketing, partnerships, products, and service may or may not collect and analyze SDD.

The majority of fintech firms considered women...

more loyal

Share of fintech firms that believe women's loyalty[1] is **greater than** ■ or **equal to** ■ that of men's

Lending



Savings and Payments

less risky

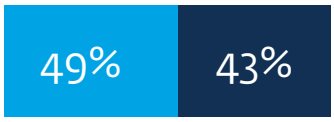
Share of fintech firms that believe women's default rate[2] is **lower than** ■ or **equal to** ■ that of men's

Lending

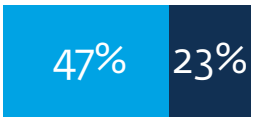
more or equally valuable

Share of fintech firms that believe women's Customer Lifetime Value (CLV)[3] is **greater than** ■ or **equal to** ■ that of men's

Lending



Savings and Payments



(1) Loyalty refers to degree of commitment, trust, and continued engagement that customers have towards a fintech firm.
(2) Default rates refer to 90-day non-performing loan ratio for a fintech firm.
(3) Customer lifetime value refers to average revenue generated by a customer over their lifetime with the fintech firm.

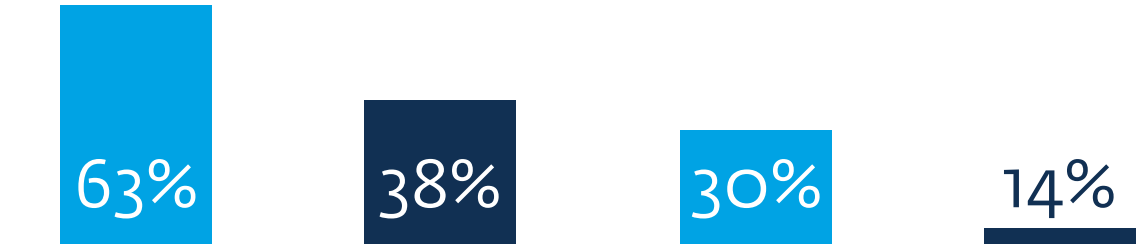
Fintech firms who tailor products/services towards women report higher lifetime value, despite occasional higher costs.

Fintech firms customizing their products and services for women more often observe a higher CLV among women[1]

Share of fintech firms who state women's CLV is higher than men's

In certain cases, tailoring for women can increase Customer Acquisition Cost (CAC) given targeted marketing, partnerships, or education programmes

Share of fintech firms who state women's CAC is higher than men's



Among fintech firms **who tailor** products and services for women

Among fintech firms **who do not tailor** products and services for women

Among fintech firms **who tailor** products and services for women

Among fintech firms **who do not tailor** products and services for women

This study estimates that intentionally targeting women can be commercially viable, even with up to a 40% higher CAC for women compared to men, owing to the former's higher CLV

(1) The study cannot determine whether fintech firms report a higher CLV due to their investment in tailored products and services for the women's segment or if they make this investment based on their pre-existing belief in women having a higher CLV

Knowledge and research, financial support, and technical assistance are critical to effectively tap into the women's market.

Knowledge and Evidence

- Research on women's needs and pain points
- Case studies of success stories
- Evidence of business case

Capital

- Financing and funding
- De-risking instruments

Business Model Customization

- Partnerships
- Product design / delivery support

Internal Capacity/Culture

- Gender expertise
- Management commitment
- Internal incentive structures

Enabling Environment

- Regulation / policy reforms
- Competitive pressure

Significant Need | Moderately Significant Need | LessSignificant Need

The ecosystem can accelerate fintech firms' progress in strategically serving women by providing tailored support based on market conditions and the firms' stage.

Markets with **low economic gender gaps**

FINANCIAL SUPPORT

- Encouraging collection and reporting of SDD
- Patient capital or concessional debt for focus on traditionally underserved segments

NONFINANCIAL SUPPORT

- Technical assistance for fintech firms that see low representation of women
- Support in building business cases for underserved segments

ECOSYSTEM BUILDING

- Market-specific research and business cases
- Convening of fintech leaders to drive cross-pollination
- Policy changes in nascent fintech markets

Markets with **moderate-to-high economic gender gaps**

- Competitive grants and risk-sharing facilities for leading early-stage fintech firms
- De-risking instruments for growth-/late-stage fintech firms to support experimentation

- Evidence or grant support for foundational demand-side customer research
- Brokering partnerships
- Technical assistance for data collection

DEFINITIONS AND ABBREVIATIONS

Definitions

Active users	The number of active users of the fintech firm's offering. For business-to-consumer fintech firms, active users are the number of users who have made a transaction in the last 30 days for transactional products (savings, payments, lending) or who have an open account in good standing (insurance, lending).
Agency	The capacity to make decisions about one's own life and act on them to achieve a desired outcome.
Customer acquisition cost (CAC)	Average sales and marketing cost spent on acquiring a customer.
Customer lifetime value (CLV)	Average revenue generated by a customer during the course of their relationship with a financial institution.
Default rate	90-day non-performing loan (NPL) ratio for a fintech firm.
DFS gender gap	Disparity between women and men in accessing and utilizing digital financial services (DFS).
Digital bank/neobank	A digital-only financial institution that operates without physical branches, providing banking services primarily through mobile apps or online platforms.
Digital financial services (DFS)	Services that rely on digital technologies for their delivery and use by consumers.
Digital literacy	The ability to use and navigate digital technologies effectively.
Economic gender gap	Disparity between women and men in economic participation and opportunities. This has been calculated based on World Economic Forum, The Global Gender Gap Index, 2022.
Financial inclusion	The access to and availability of affordable financial services for all individuals, especially underserved or marginalized populations.
Financial literacy	The knowledge and skills required to make informed and effective decisions regarding personal finances.
Fintech	Advances in technology that have the potential to transform the provision of financial services spurring the development of new business models, applications, processes, channels, and products.[1]
Fintech firm	A firm that specializes in offering DFS to consumers.[2] Such firms range from small start-ups to large, established, technology firms (often called 'big tech' firms). This study focuses on digital payment providers, digital insurers, digital-only savings providers, and digital lenders that deliver DFS to women-owned businesses and individual women customers. This definition excludes incumbent, traditional financial institutions such as banks and microfinance institutions offering these digital services.
Gender-lens investing	Also referred to as gender-smart investing, is an investment strategy that seeks intentionally and measurably to use capital to address gender disparities between women and men and to better inform investment decisions.[3]
Loyalty	Degree of commitment, trust, and continued engagement that customers have toward a firm.
Sex-disaggregated data (SDD)	Customer data or market research that is disaggregated based on sex.
Women customers	Includes individual women retail customers as well as women-owned/-led businesses (including small and medium enterprises [SMEs]).
Women's economic empowerment (WEE)	A woman is economically empowered when she has access to skills, resources, and institutions necessary to effectively participate in markets, as well as power and agency to act on personal preferences in making economic decisions, including the control of personal and household financial resources. This study refers to WEE in a similar vein as to the economic gender gap.
Women's financial inclusion (WFI)	Ensuring that women and women-led businesses can access useful and affordable financial products and services that meet their needs, and that are delivered responsibly and sustainably. This study draws parallels between WFI and the DFS gender gap.

1 World Bank, Fintech and the Future of Finance – Market and Policy Implications, 2023

2 World Bank, Fintech and the Future of Finance – Market and Policy Implications, 2023

3 IFC, Private Equity and Value Creation, 2020

Abbreviations

AI	Artificial intelligence
CAC	Customer acquisition cost
CLV	Customer lifetime value
DFS	Digital financial services
ESG	Environmental, social, and governance
FSP	Financial service provider
MSME	Micro, small, and medium enterprise
NPL	Nonperforming loan
SDD	Sex-disaggregated data
SME	Small and medium enterprise

1.

INTRODUCTION

The widespread adoption of digital financial services (DFS) offers an unprecedented opportunity to accelerate women's financial inclusion. However, progress in closing the gender gaps in access and use of DFS has been slow. Fintech firms are believed to be uniquely positioned to serve underserved segments—including women—effectively and efficiently, by circumventing the challenges faced by traditional financial institutions. However, there is a lack of robust evidence that explains why and to what extent that might be the case.

This study seeks to confirm the extent to which fintech firms possess such an advantage, as well as to identify the drivers, barriers, and opportunities fintech firms encounter in serving women. The study draws on quantitative and qualitative data collected in a survey of 114 fintech firms across 17 developing countries and in-depth interviews with 25 fintech leaders. The study seeks to quantify the extent to which fintech firms are currently serving women in their portfolios, identify best practices and their links with performance, and reveal opportunities for the ecosystem to support fintech firms going forward. The results of this study are intended for fintech firms, investors, and other ecosystem actors such as development partners, incubators, industry bodies, and impact and gender-lens investing networks that can leverage the findings to understand what they can do to unlock the promise of fintech for women.

The adoption of DFS has risen exponentially and more uniformly across low- and middle-income economies in the last three years, driven in part by the impact of COVID-19. Recent years have seen the rapid adoption of DFS across many developing countries. From 2017 to 2021, the average rate of account ownership in developing economies increased by 8 percentage points, from 63 percent of adults to 71 percent of adults. In Sub-Saharan Africa, this expansion largely stems from the adoption of mobile money.[4] Increased account ownership is supported by the rapid adoption of digital payments services: the proportion of adults in developing countries receiving or making digital payments rose from 44% in 2017 to 57% in 2021.[5] This trend can also be seen in other DFS. For example, in Latin America, digital lending grew by 45% annually between 2017 and 2021.[6] In emerging markets across Asia-Pacific,[7] the share of customers using digital banking grew from 54% to 88% between 2017 and 2021.[8] COVID-19 emerges as a major driver in this context, evidenced by a substantial population making its first digital payment after the start of the pandemic: 80 million+ adults in India, 40% of digital payers in Africa, and 15% of utility bill paying adults in Latin America.[9]

A large body of research establishes that DFS carry significant potential to advance women's financial inclusion. The literature suggests that DFS offerings, when designed appropriately, can directly address access and usage barriers for women, as indicated in Table 1.

Table 1. Opportunities created by DFS for women's financial inclusion

	Lending	Payments	Savings and banking	Insurance
Mitigating barriers to access	Digital credit providers can help women lacking physical assets access credit by using nonfinancial digital data[10]	By allowing women to transact at a time and place of their choosing, mobile money can address women's time poverty and mobility constraints[11]	Basic mobile savings accounts that carry minimal know-your-customer requirements can help circumvent a lack of official ID, which prevents one in five women from opening an account[12]	Mobile-based micro-insurance allows women to access insurance with less documentation and fewer ID checks than required by traditional products[13]
Mitigating barriers to usage	Flexible loan terms and repayment options tailored to women's financial goals and unpredictable revenue cycles for women-owned small and medium enterprises can improve uptake[14]	Mobile money offers more privacy, control, and convenience than traditional financial services—all factors valued by women	Low account fees and transparent pricing, with dense agent networks, can remove trust-based barriers to usage	Bundling digital insurance with other DFS (e.g., credit) helps address women's multi-dimensional financial needs and goals and can improve uptake and loyalty[15]

4 World Bank, Global Findex Database 2021, 2022

5 World Bank, Global Findex Database 2021, 2022

6 Inter-American Development Bank, Fintech in Latin America and the Caribbean, 2022

7 Mainland China, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand, and Vietnam

8 McKinsey, Emerging Markets Leap Forward in Digital Banking Innovation and Adoption, 2021

9 The World Bank, COVID-19 Drives Global Surge in use of Digital Payments, 2022

10 World Bank, Disruptive Technologies in the Credit Information Sharing Industry, 2019

11 Microsave, Women and DFS - Microsave, 2022

12 Demirguc-Kunt et al., The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution, The World Bank, 2018

13 BMGF, Digital Financial Tools for Women Smallholder Farmers, 2022

14 Plan International, Disruptive roles in gender lens investing in Kenya, 2022

15 BMGF, Digital Financial Tools for Women Smallholder Farmers, 2022

However, the disparity in access to and usage of DFS between women and men remains persistent. Men were six percentage points more likely than women to use digital payments in 2021, a gender gap that has remained consistent across developing economies since 2014, in part driven by a broader gender gap in access to digital services.[16] The gap is not limited to payments; in a sample of 28 countries, research points to a similar DFS gender gap—eight percentage points—in the adoption of a broader set of services, i.e., payments, borrowing, insurance, financial planning, and investment services.[17] Gender gaps in access to and use of DFS are linked to gender gaps in economic participation, financial literacy, digital literacy, and sociocultural norms, such as the role of women in households, gender gaps in education levels, agency among women.[18] DFS, if not carefully designed and rolled out, could actually exacerbate existing gender inequalities. These gender gaps also put women at greater risk of experiencing fraud (e.g., phishing and agent fraud), lack of transparency (e.g., undisclosed fees), and insufficient grievance redressal (e.g., due to lack of female agents) with DFS.[19]

This study explores the potential of fintech firms to address gaps in access and use of DFS, a topic that has been extensively studied theoretically but less often analytically. For the purposes of this study, 'fintech firms' are those that specialize in offering DFS. This definition excludes traditional financial service providers (FSPs), like commercial banks, that also feature DFS verticals or offerings. A substantial body of literature details how fintech firms exhibit promise in driving financial inclusion for underserved populations, particularly women. By using alternative data, advanced risk-calculation techniques, and tech-driven supply chains, among other approaches, fintech firms are uniquely positioned to lower costs (commissions and fees), reduce minimal thresholds for financial products, offer tailored products for niche segments, and simplify user experience relative to incumbent financial institutions.[20] While many fintech firms in emerging markets were founded to boost financial inclusion, limited research exists that comprehensively quantifies how specific practices or characteristics contribute to closing the DFS gender gap.

Based on a survey of 114 fintech firms, this study is one of the first to investigate consumer-facing fintech models across a wide range of developing countries. Moreover, the study includes interviews with 25 fintech firms to supplement the survey data. The survey focuses on fintech firms that provide lending, banking, insurance, and payment services, a focus that intends to capture the practices and impact of fintech firms that reach retail women consumers and women-owned businesses directly. Firms participated from 17 countries across East Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean, the Middle East and North Africa, and South Asia and Sub-Saharan Africa (see Figure 1 for list of countries). Countries were selected to offer diverse contexts surrounding the underlying gender gaps in economic opportunities and to generate insights that would be relevant across the developing world.[21]

The study aims to fill these knowledge gaps by answering the questions:

- How well are women represented within fintech firms' portfolios and what are the driving factors?
- Are fintech firms strategically targeting women customers and, if so, how?
- How do women customers perform relative to fintech firms' overall portfolio (e.g., loyalty, customer lifetime value (CLV), default rates) and what practices lead to better results?
- What support do fintech firms need to serve women strategically?
- What are the opportunities for the ecosystem going forward?

The study also aims to identify market- or firm-specific factors that may impact the degree to which and how fintech firms serve women. Two key dimensions used are

- **Economic gender gaps in the country.** The economic opportunities and level of participation for women in a country can have a direct influence on their demand for financial services as well as the barriers they may encounter. Consequently, these factors are highly likely to shape how fintech firms cater to women's needs. This study uses economic gender gap instead of absolute degree of economic participation or financial inclusion of women, as this is more likely to be a better driver of differentiation in fintech firms' strategies for women versus men. Countries are divided into three categories based on their ranking in World Economic Forum's Economic Participation and Opportunity subindex.[22] Figure 1 outlines the definitions and classifications.

16 World Bank, Global Findex Database 2021, 2022

17 Chen et al., The Fintech Gender Gap, 2021

18 Khera et al., International Monetary Fund, Women in Fintech: As Leaders and Users, 2022

19 CGAP, Break the Bias: Evidence Shows Digital Finance Risks Hit Women Hardest, 2022

20 World Economic Forum, 5 Types of Fintech Startups That Can Drive Financial Inclusion, 2020

21 Detailed methodology in Annex I

22 Based on fintech's primary market ranking for Economic Participation and Opportunity subindex in World Economic Forum, The Global Gender Gap Index, 2022. The Economic Participation and Opportunity subindex uses indicators such as the labor force participation rate, earned income, and representation of women in senior positions to measure the extent to which women can participate in economic activities on par with men.

Figure 1. Categorization of countries based on economic gender gap

Low Economic Gender Gap *Between ranks 1-50*		Moderate Economic Gender Gap *Between ranks 51-100*		High Economic Gender Gap *Ranked 100 and above*	
Kenya	6	Tanzania	65	Ghana	108
Thailand	15	Uganda	73	Mexico	113
Philippines	16	Indonesia	80	Côte d'Ivoire	119
Nigeria	50	Brazil	85	Turkey	135
		South Africa	92	Senegal	136
		Colombia	93	Egypt	142
				India	143

Note: This classification draws from the Economic Participation and Opportunity subindex of WEF's Global Gender Gap Index, which uses indicators like labor force participation rate, earned income, and representation of women in senior positions to measure the extent to which female participation in economic activities.

- **Maturity stage of the firm.** The maturity of a firm can influence its ability to serve women as customers, based on its focus customer segments and capabilities. This study categorizes firms into three stages: (i) early-stage, which includes unfunded, pre-seed, and seed companies; (ii) growth-stage, encompassing series A to C; and (iii) late-stage, consisting of Series D and beyond, public companies, and subsidiaries.

While the study has a comprehensive scope, it has certain limitations. The sample size (N=114) limits a detailed statistical analysis and in-depth insight for each business model. However, as lending is a primary focus and lenders (accounting for 43% of respondents) are intentionally over-sampled, the study does provide detailed data and insights for this particular group. Similarly, sample size per country remains small, and therefore the data have not been used to present country-level insights or trends. Finally, it is important to note that, despite reaching out to some 400 firms and 25 fintech associations, fintech firms that prioritize serving women may have been more likely to respond to the survey.

The intended audience for this study are

- Fintech firms that can apply intentional strategies to design tailored products and offerings in their business by leveraging findings and examples from this study.
- Investors who can use these insights to understand the business case for serving women and support their investees.
- Other ecosystem actors such as development actors, impact and gender-lens investing networks, and incubators who can develop approaches to effectively support fintech firms.

2.

WOMEN IN FINTECH PORTFOLIOS

How well are women represented within fintech firms' portfolios and what drives this?

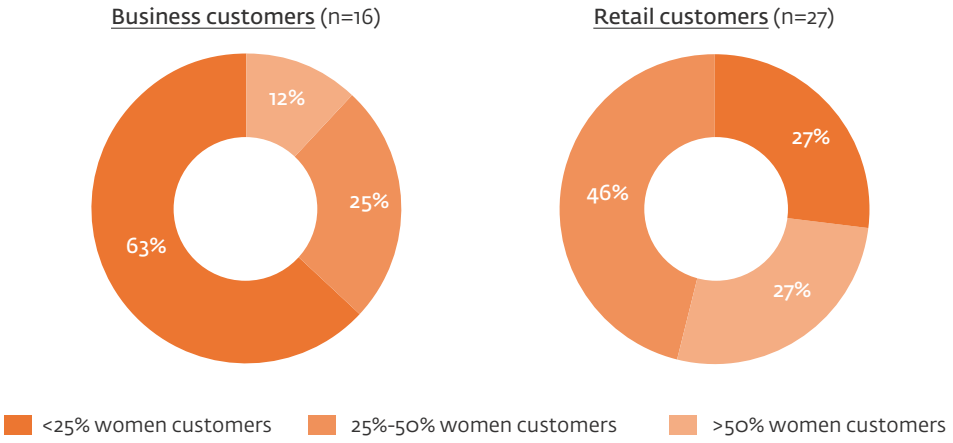
Key Insight 1: **More than half of fintech firms report that women constitute less than 25% of their customers—with lower representation among business customers and lending-focused fintech firms.**

Representation of women in fintech firms' portfolios is suboptimal, and performance is unevenly distributed across markets and firms. Fintech firms in markets with relatively low economic gender gaps report better representation of women in their portfolios than those with high economic gender gaps. Nonetheless, women still constitute a minority of most fintech firms' portfolios, even in markets with relatively low economic gender gaps, thereby indicating opportunities for further penetration in such markets.

2.1 Women's Representation in Fintech Business Models

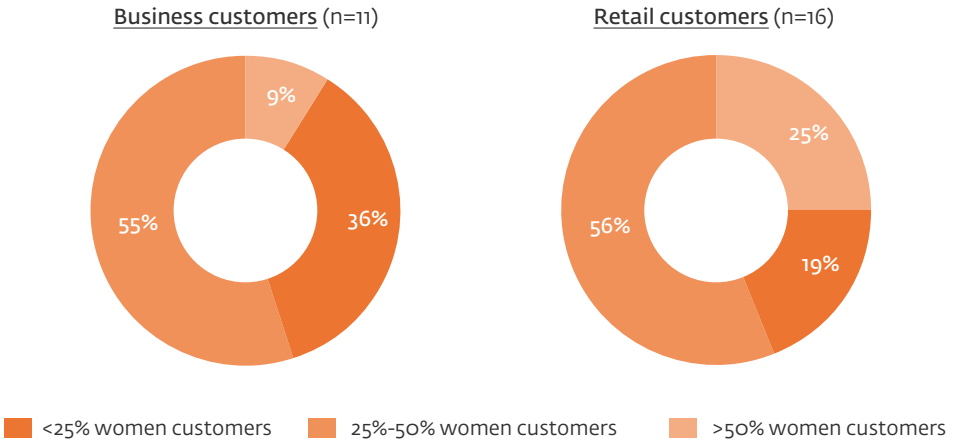
63% (n=16) of lending-focused fintech firms report that women comprise less than a quarter of their business customer base, while 27% (n=27) report that women comprise less than a quarter of their total number of retail customers (Figure 2). Firms with low representation of women attribute this to the prevailing sociocultural and digital barriers faced by women. Such firms also consider women's limited economic participation in certain markets, their reliance on informal sources of credit, and low loan size requirements as limiting demand for credit from women—this is particularly emphasized by business lending fintech firms. Some also suggest, although not always substantiated by data, that women may exhibit lower digital savviness when using financial services, mentioning that women tend to be more cautious and prefer some degree of in-person interaction rather than fully relying on digital platforms for financial matters.

Figure 2. Percentage distribution of lending-focused fintech firms reporting the proportion of a) women business customers and b) women retail customers compared to their total customer base[23]



Savings- and payments-focused fintech firms report marginally better representation of women customers than lending-focused fintech firms. 36% (n=11) report that women comprise less than a quarter of their business customer base, while 19% (n=16) report that women comprise less than a quarter of their total number of retail customers (Figure 3).

Figure 3. Percentage distribution of savings- and payments-focused fintech firms reporting the proportion of a) women business customers and b) women retail customers compared to their total customer base



23 The relevant survey questions: 'Number of retail customers' and 'Percentage share of women retail customers'; 'Number of business customers' and 'Percentage share of women-owned businesses'. The options for each women's share question were Less than 10%, 10–25%, 26–50%, 51–75%, More than 75%, Do not collect SDD, Other (please specify). Respondents could select only one of the answer choices.

Fintech firms with a primary focus on payments report a lesser degree of business engagement, both in terms of usage value and volume, among women customers compared to lending firms. Close to half (n=12) of the payments-focused fintech firms report that women and women-owned businesses constitute less than a quarter of their total annual transactions and total annual transaction value. In comparison, 40% (n=22) of lending-focused fintech firms report that women and women-owned businesses make up less than a quarter of their total outstanding loans.

There are commendable examples of fintech firms that have deliberately established targets to attain significant representation of women in their customer base. For instance, one African neobank has an internal mandate to achieve a 50:50 gender split by 2050. Similarly, Quickpay, a Senegal-based payments service provider, aims to achieve a 60% representation of women in their portfolio. Most of these fintech firms report implementing targeted measures to address the barriers mentioned earlier. A fintech firm based in Mexico has achieved 86% representation of women in its portfolio by focusing on the informal sector niche.

2.2 Fintech Firm Maturity and Market Characteristics

2.2.1 FINTECH MATURITY

Women are better represented in the retail portfolios of early-stage fintech firms compared to late-stage firms.[24] 39% (n=18) of early-stage firms and 12% (n=17) of late-stage firms report that women constitute more than half of their retail portfolio. In interviews, many of the early-stage startups disclose their strong mission-driven approach, aiming to establish a niche within underserved sub-segments of the population. As discussed earlier, some also have explicit targets for the gender split in their customer base and there is an opportunity to support the growth aspirations of such early-stage firms while maintaining their strong gender focus.

2.2.2 MARKET GENDER GAP

Fintech firms operating in markets with low economic gender gaps report better representation of women in their portfolios compared to fintech firms in markets with moderate to high economic gender gaps.[25],[26] 42% (n=12) of fintech firms operating in markets with low economic gender gaps report that women constitute more than half of their portfolio. In contrast, 22% (n=41) of fintech firms operating in markets with moderate to high economic gender gaps report that women constitute more than half of their portfolio.

However, even in markets with low economic gender gaps, women still constitute a minority of the portfolios for most of the fintech firms, suggesting that there are opportunities for further market penetration. In these markets, 58% (n=12) of firms report that women constitute less than half of their portfolios, with 25% (n=12) reporting that women account for less than a quarter. Therefore, an opportunity exists to support laggards in these markets to improve the gender balance of their portfolios.

24 Due to the small sample size of only 27 fintech firms reporting business portfolio data, a similar analysis was not conducted for women's share of the business portfolio.

25 Based on fintech's primary market ranking for Economic Participation and Opportunity subindex in World Economic Forum, The Global Gender Gap Index, 2022. The Economic Participation and Opportunity subindex uses indicators such as the labor force participation rate, earned income, and representation of women in senior positions to measure the extent to which women can participate in economic activities on par with men:
Low economic gender gap, defined as rank of 50 or less: Kenya (6), Thailand (15), Philippines (16), Nigeria (50).
Moderate economic gender gap, defined as rank of 51–100: Tanzania (65), Uganda (73), Indonesia (80), Brazil (85), South Africa (92), Colombia (93).
High economic gender gap, defined as rank of 100+: Ghana (108), Mexico (113), Côte d'Ivoire (119), Turkey (134), Senegal (136), Egypt (142), India (143).

26 Due to the small sample size of only 27 fintech firms reporting business portfolio data, a similar analysis was not conducted for women's share of the business portfolio.

3.

SERVING WOMEN STRATEGICALLY

Are fintech firms strategically targeting women customers and, if so, how?

Key Insight 2: **59% of fintech firms collect sex disaggregated data, but few use it; less than a third tailor their products and services toward women.**

Research shows that women consume financial services differently than men, requiring providers to tailor their value propositions.[27] Despite this, less than a third of the firms report deeply differentiating their value propositions with tailored products or nonfinancial support services for women. Most firms collect SDD without strategically using it to target marketing for women or undertake partnerships to reach more women. Fintech firms in markets with high economic gender gaps are more inclined to tailor their products and services toward women, recognizing the additional digital and economic barriers women face.

27 CGAP, FinEquity Knowledge Guide: Incorporating Gender-intelligent Design in Financial Services, 2022

Extensive social and consumer research reveals distinct barriers, needs, and behaviors that influence women's use of financial services.[28] **Such findings suggest that financial providers need to strategically tailor their value propositions to better serve women customers.** Studies examining women's financial behavior as microfinance clients, retail banking clients, mobile money users, and small enterprise owners, indicate that women are more financially prudent, prefer deeper, often in-person engagement, and approach decisions with caution and a reliance on information.[29] Furthermore, socio-economic factors such as education and literacy levels, income/economic status, access to technology and the internet, and cultural norms influence women's awareness of and ability to adopt and use DFS.

To address these barriers and socio-economic factors, financial providers can derive benefits from tailoring their financial and nonfinancial products and services. Employing targeted marketing and sales approaches, informed by the analysis of SDD, can enhance the effectiveness of reaching and serving women. Figure 4 outlines five approaches that fintech firms can take to serve women strategically.

Figure 4. Practices for fintech firms to serve women strategically

Collected sex-disaggregated data	Targeted marketing	Leveraged unique partnerships	Tailored product design	Offered support services
SDD is collected and used to tailor messaging, experience, and engagement, as well as measure women's performance within the portfolio and course correct	Marketing messaging and channels are tailored to attract more women customers	Firms establish unique partnerships with financial and non-financial organizations, especially to gain access to women customers easily	Products are designed based on research that demonstrates women's unique needs and preferences	Additional non-financial services are offered to address the barriers that prevent women from using digital financial services or create bundles that are more appealing to women customers

This section assesses the extent to which fintech firms cater to women and the strategies employed, including the underlying characteristics that influence their approach. Section 3.1 examines the degree to which firms use SDD and tailor their products, services, and marketing and distribution strategies to serve women. It also highlights exemplary firms across various business models, aiming to share best practices for adoption by others. Building on insights from section 2, in which the maturity of firms and the broader gender gaps in their operating markets can be seen to affect the gender composition within their customer base, section 3.2 investigates whether these factors also impact a fintech firm's approach to serving women.

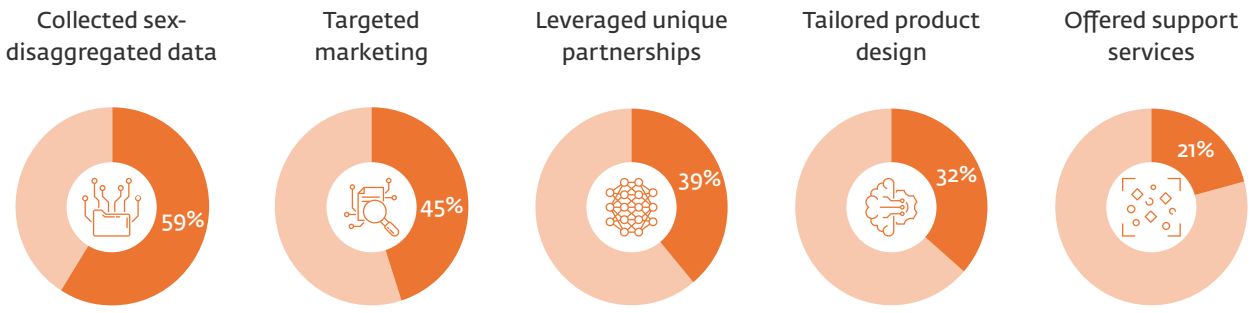
28 CGAP, FinEquity Knowledge Guide: Incorporating Gender-intelligent Design in Financial Services, 2022

29 DFS Lab, Caribou Digital, and Caribou Data, Payment System Design and the Financial Inclusion Gender Gap, 2021; D'Espallier et al., Women and Repayment in Microfinance: A Global Analysis, 2011; Global Banking Alliance for Women, How Banks Can Profit From the Multi-Trillion Dollar Female Economy, 2014

3.1 Strategic Approaches to Serving Women

Figure 5 outlines the most common practices adopted by the fintech firms to better serve women customers, including collecting SDD (59% of firms), tailored marketing (45% of firms), and partnerships (39% of firms).

Figure 5. Practices adopted by fintech firms to serve women effectively (N=114)[30]



3.1.1 SEX-DISAGGREGATED DATA

SDD is critical for FSPs to size the market opportunity, understand customer behavior, identify gender-based differences in the adoption and use of financial services, evaluate the performance of their product portfolio, build the business case, and—when collected consistently by all—shape policy.[31] The collection and analysis of SDD are often regarded as the initial step for fintech firms in tailoring their business models to align with the needs and behavior of women customers.

A majority of fintech firms collect gender information from customers during the onboarding process, but only about a third leverage SDD to tailor their marketing or products toward women. 59% (N=114) of the fintech firms report collecting SDD, but a limited number analyze it to inform business decisions. While many fintech firms collect gender information during onboarding of retail customers, this practice is less common for business customers. Most fintech firms do not analyze SDD to inform their product design or marketing. Firms attribute this largely to the challenge of translating SDD into actionable insights for product design or marketing, or difficulty in articulating a compelling rationale for the importance of SDD in informing business decisions.

However, there are instances of fintech firms successfully using SDD to

- **Understand women customers better.** For example, Koinworks, an Indonesian credit-led micro, small, and medium enterprise (MSME) neobank, uses data analytics to understand the drivers behind the adoption and retention of women-owned businesses.
- **Improve product design and marketing and distribution strategies.** For instance, Apollo Agriculture in Kenya has been collecting SDD since its inception to evaluate the credit quality of its women customers and correct for gender-based gaps in access to credit.

Among fintech firms not collecting SDD (n=47), almost half do not consider gender an essential factor in decision making. Traditional FSPs are often limited in their ability to collect SDD because of legacy management information systems or inconsistent data aggregation across internal departments. However, fintech firms do not mention such obstacles and are more likely to have advanced IT systems that allow data disaggregation across different demographic segments.

Figure 6 maps the key reasons reported by fintech firms for not collecting SDD. The two most common reasons are,

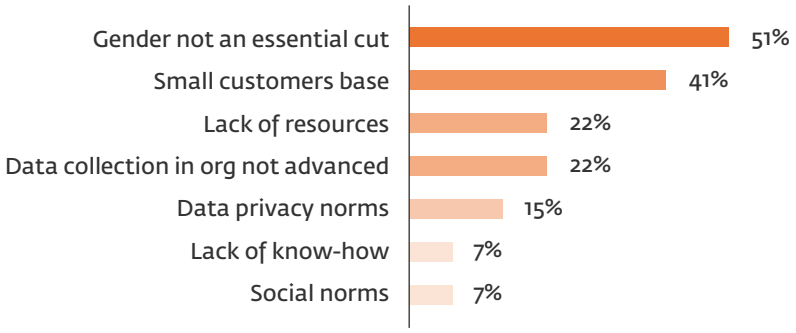
30 The relevant survey question was 'What does your organization do to target or serve women?'. The options were Tailored products for women customers, Targeted marketing to existing or new women customers, Other support services targeted to women customers, Partnership with financial or nonfinancial organizations to reach or serve women customers, Market research to understand women segment(s), No tailored processes for women customers, No separate product design or delivery for women customers but revised businesses processes based on their preferences, Other (Please specify). Respondents could select all applicable answer choices.

31 Global Banking Alliance for Women, The Value of Sex-Disaggregated Data, 2019

- **Gender is not regarded as an essential cut.** Late-/growth-stage fintech firms more commonly cited this as a rationale compared to their early-stage counterparts, suggesting that these firms possess the capability but lack the inclination to collect SDD. While the limited sample size restricts the analysis according to business models, in interviews, payments-focused fintech firms cite this as a reason for not collecting SDD more frequently than lending-, insurance-, or savings-focused fintech firms. Significantly, among lenders, business lenders prioritize a firm's characteristics such as size, age of the business, or sector as more crucial for business decisions than the gender of the business owner.

- **Small customer base.** As expected, early-stage fintech firms more commonly cite this as a reason for not collecting SDD than growth-/late-stage fintech firms. In particular, those with a business-to-business focus face the challenge of having a smaller customer base.

Figure 6. Self-reported barriers to collecting sex-disaggregated data (n=47)[32]



3.1.2 TARGETED MARKETING

Fintech firms have the opportunity to shape their marketing messages and channels in a way that fosters trust and relatability among women. However, it is crucial that fintech firms avoid the pitfalls of 'pink marketing,' characterized by superficial changes such as altering colours or featuring more women in marketing materials.[33]

Almost half of fintech firms tailor their marketing approach to better reach women customers, regardless of whether they are informed by SDD or not.

Fintech firms report:

- **customizing their marketing materials and messaging.** For example, Azima Instant Loans from Pay24, a micro-lending, payments, and money management platform in Uganda, features female influencers and ambassadors who have adopted its digital microloans in its marketing materials, resulting in an increase in the share of women customers in its customer base from 35% to 40% (time period unknown).
- **running targeted campaigns during specific times of the year.** For example, RappiPay, a Colombian digital neobank, launched a targeted marketing campaign offering prizes to women customers performing the most transactions over a special weekend.
- **using specific marketing channels.** For example, one fintech firm (confidential) reports promoting its financial products on skincare websites.

3.1.3 UNIQUE PARTNERSHIPS

Fintech firms can collaborate with FSPs and other ecosystem players, tapping into their network of women customers, especially women entrepreneurs. These partnerships offer fintech firms avenues to enhance their value propositions, which could involve bundling their products with both financial and nonfinancial offerings, utilizing partners for delivery of nonfinancial support services, or optimizing last-mile distribution through strategic collaborations. Such partnerships can allow fintech firms to 'be where the women customers are and operate within their social context' [34]

39% (N=114) of fintech firms use targeted partnerships to onboard women customers conveniently or cost-effectively. Fintech firms report partnering with other financial and nonfinancial services to:

32 The relevant survey question was 'What are the top three reasons for your organization not to collect sex-disaggregated data?' The respondents could select top three barriers together; there was no relative ranking between the options.

33 Financial Alliance for Women, How Fintech firms Can Profit from the Multi-trillion-dollar Female Economy, 2020

34 Medium, How three companies are making fintech work for women, 2019

- **gain rapid access to women customers in their network, often with lower investments.** Fintech firms partner with cooperatives, aggregators, local entrepreneur networks, and other financial institutions (microfinance institutions, commercial banks, and nonbanking financial fintech firms) to gain access to women customers, especially in rural areas. Similarly, fintech firms partner with e-commerce platforms to reach their supplier network.In India, for example, Bike Bazaar, a two-wheeler finance company, markets its loans for purchasing two-wheeler vehicles to women gig-economy workers on a local online platform for services. This enables gig-economy workers, who typically have poor or no credit history, to access credit and purchase two-wheelers that help increase their productivity at work.
- **deliver educational or other support services using the partner's network.** For example, a Mexican lending firm partners with remittance agents to establish a human touchpoint in last-mile delivery, recognizing its particular importance for women.
- **conduct targeted customer research.** To understand the needs of the informal economy, Wizall, a savings-focused fintech firm in Côte d'Ivoire and Senegal, partnered with local organizations, interviewed potential women customers to understand their needs, and developed a proof-of-concept test to evaluate the requirements of over 200 women.

3.1.4 TAILORED PRODUCTS

Research indicates that women exhibit different needs and behavior in consuming financial services, further accentuated by sociocultural barriers such as digital access disparities and financial illiteracy.[35] In response, fintech firms can tailor their products to enhance appeal and accessibility for women customers. This differentiation can be accomplished by making products more flexible and fit-for-purpose, simplifying the onboarding experience, striking a balance between technology and human touch, designing algorithms that consider gender nuances instead of ignoring them, and bundling products to comprehensively meet women's needs.

Only a third (N=114) of fintech firms report tailoring their financial products to women customers. It is worth noting that some firms cite examples of aesthetic changes (e.g., 'pink cards which stood out for women') as tailored products, indicating that even fewer fintech firms might be genuinely tailoring products for women. This observation underscores an opportunity to enhance fintech firms' understanding of the difference between marketing tactics and genuinely differentiated products that address the unique needs of women. The hesitancy among fintech firms to tailor products often stems from concerns about potentially alienating male customers (perceived as early adopters of technology) or facing resource constraints. Firms that tailor products for women often note that these differentiated products are launched as small-scale 'pilots,' backed by impact-oriented grants, and they sometimes do not see a full commercial launch.

There are a few examples of fintech firms intentionally tailoring their products to

- **offer better terms to women.** For instance, Juancho Te Presta, a Colombian digital lender, piloted women-only credit products that provide more favorable terms for women, with approximately a 15% lower cost of installment compared to those for men.
- **create small ticket size products for women.** For example, India-based Indifi reached out to e-commerce players with extensive networks of women entrepreneurs, with the aim of understanding the barriers faced by these entrepreneurs. This led to the creation of short-term loans with small ticket sizes to help women-led MSMEs build credit history.
- **create products for niche sub-segments of women customers.** For example, an Egyptian fintech firm discovered that elderly and widowed women often encounter harassment and incur high time and travel costs for monthly cash transfers. Therefore, the firm has developed a mobile wallet solution in collaboration with Nasser Social Bank and a telecom operator in Egypt. This enables the secure and instant delivery of monthly social transfers, supporting cash-out options for over 700,000 women.
- **bundle products to serve women's needs more comprehensively.** For example, Wizall (Côte d'Ivoire, Senegal) is developing a digital group savings product (a 'tontine') bundled with insurance policies for informally employed women.

Only a small number of fintech firms have incorporated SDD to guide their product design for women. The majority rely on subjective perceptions or qualitative research, either conducted by themselves or others, to tailor products for women. Notably, Juancho Te Presta and Asante stand out as two fintech firms that not only use SDD to shape product customizations for women but also to establish a compelling business case for these adaptations (case studies below).

35 See Footnote 27

CASE STUDY

Juancho Te Presta provides better credit terms to women than men

Model	Founded	Active market	Maturity
Lending	2018	Colombia	Seed

One of Colombia's fastest growing fintech firms, Juancho Te Presta, has disbursed over $5 million equivalent[36] to women customers, accounting for 60% of its existing portfolio, as a result of its intentional approach to designing digital credit solutions for women customers and address gender disparities in financial inclusion. It first established a positive business case for serving women customers, then collected SDD and customized its products to address women's unique needs across different economic segments.

Establishing the business case for serving women customers.

Juancho Te Presta has identified a positive business case for providing credit to women compared to men. Despite submitting fewer loan applications, women have higher loan approval rates, reflecting their caution when seeking credit during periods of high interest rates or economic instability. Additionally, women have demonstrated greater financial discipline, resulting in lower NPL rates compared to men, justifying their gender-based approach.

Collecting SDD and developing women-specific algorithms.

Juancho Te Presta takes a deliberate approach to collecting SDD, recognizing the importance of adopting a gender lens across its entire business model, from customer research to risk assessment scorecards and the company's internal processes. It also invests in data analytics capabilities to develop women-specific algorithms and uncover insights that can help inform product design and conduct targeted marketing.

Providing preferential credit terms and targeted marketing for women.

In its efforts to promote gender equity, Juancho Te Presta actively seeks to balance its loan portfolio in favor of women through preferential rates and 'over-marketing' to women. Women are offered better loan terms, resulting in a monthly instalment cost that is approximately 15% lower than that for men. Moving forward, the company aims to refine its approach by implementing tailored marketing strategies and reducing credit costs for the best-performing sub-segments of women customers (i.e., professional/working women).

36 Financial Alliance for Women, New Member Spotlight: Juancho te Presta, 2022

CASE STUDY

Asante leverages partnerships to deliver targeted offerings for women customers driven by its strong internal mission

Model	Founded	Active market	Maturity
Lending	2016	Kenya, Uganda, Nigeria	Series A

Asante Financial Services Group is a credit-led neobank that supports Africa's growth through the provision of financial services to growing businesses. Asante's desire to serve women customers stems from a mission to improve women's well-being, strong investor interest in gender-sensitivity, and an awareness of the commercial potential of the women's market. With a strong gender agenda in place, its board has mandated that the company target a 50:50 split in the representation of male and female consumers by 2025.

Establishing the business case for serving women customers.

Driven by robust SDD collection and analysis, the firm identifies a clear commercial case for serving women, focusing on default rates and customer lifetime value (CLV). Default rates are 2% lower for women customers compared to men, and women customers have a higher CLV due to greater financial discipline, responsibility, and consistency with their service provider. Asante plans to use such data insights to refine credit assessment processes for new products.

Bundling financial services to increase attractiveness of the offering.

Asante is piloting the delivery of bundled financial services, such as free health insurance, as an incentive for women customers that repay loans. It aims to continue developing new products in the future.

Forming local partnerships to design tailored products and access distribution channels.

Asante has established partnerships with the goal of better serving women. One notable partnership is with a telecom company, that is assisting in the distribution of an ongoing lending program pilot targeting women farmers in Uganda. Looking ahead, Asante plans to develop financial products specifically tailored to women taxi operators, recognizing their inclination to invest in vehicles. This was inspired by the successful 'Ladies and Family Taxi' services in Dubai, an initiative that not only provides a valuable service but also serves as a noteworthy public relations activity.

3.1.5 SUPPORT SERVICES

Nonfinancial support services are needed to address unique financial and digital literacy-related barriers, thereby increasing the value of DFS for women. Evidence shows that women in developing countries trail behind men in digital and financial literacy.[37] In addition, an IFC study found that well-integrated nonfinancial support services for women-owned SMEs yield positive return on investment (ROI) within one to two years. This is demonstrated through four key metrics: increased interest income; share of wallet, which includes cross-sell, deposit volume and fee income, including fees charged for nonfinancial support services participation; loyalty; and reduced risk.[38] By incorporating services that foster women's digital and financial capabilities, fintech firms can bridge these gaps, driving increased adoption and usage of their products.[39]

However, fintech firms seldom provide nonfinancial support services specifically for women. Only 21% (N=114) of firms offer additional support services for women customers. Some firms report providing support services, such as educational workshops, recognizing that women take more time and need more information to make financial decisions. Fintech firms also mention the development for women entrepreneurs of support services that contribute to the broader support of their businesses. For example, an agriculture and financial technology firm in Indonesia, Crowde, offers a selection of nonfinancial services to women farmers, aiming to build their financial management and technical capabilities. This includes training in budgeting, financial literacy, and agricultural techniques. The increased awareness from women farmers attending these training sessions, in turn, generates demand as they develop an interest in obtaining financial services to initiate their own cultivation projects.

Similarly, InTouch, a pan-African payment and digitalized access solutions company, partnered with the Mastercard Foundation to launch a financial inclusion program supporting 10,000 young agents, with a particular focus on young women, providing a comprehensive range of support mechanisms.[40] This includes a unified platform to distribute all services for money transfers, mobile wallet deposits, and bill payments. Additionally, it includes support in formalizing their businesses, providing visibility at the point of sale, entrepreneurial mentorship, and training in the products and tools offered by InTouch, among other services. Another Indian firm, Lxme, uses gamification to educate women in goal-based savings. Some fintech firms also offer dedicated customer support services as a 'high touch' model—a mix of digital and personal engagement—to increase trust among women customers.

37 Leora Klapper and Lusardi Annamaria, Financial Literacy and Financial Resilience: Evidence From Around the World, 2019

38 IFC, Non-Financial Services - The Key to Unlocking the Growth Potential of Women-led SMEs for Banks, 2020

39 Women's World Banking, Empowering Women on a Journey Towards Digital Financial Capability, 2021

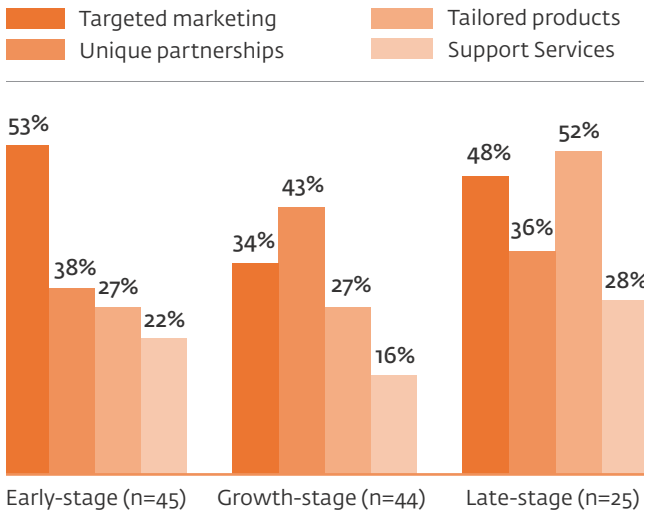
40 Mastercard Foundation, In Collaboration With the Mastercard Foundation, the Pan-African Fintech Intouch Is Launching Its 10,000 Jambaars Program to Support and Mentor 10,000 Young Entrepreneurs in Senegal, 2020

3.2 Fintech Firm Maturity and Market Characteristics

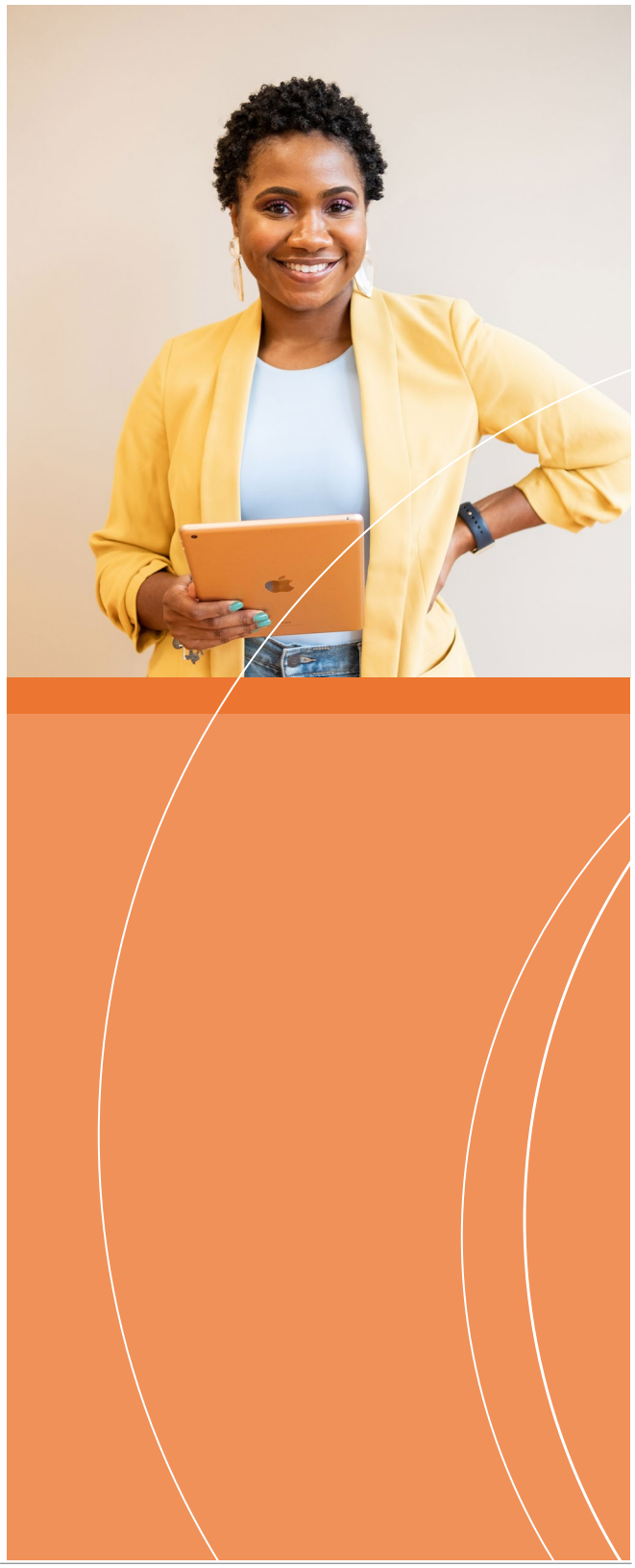
3.2.1 FINTECH MATURITY

More late-stage fintech firms report tailoring products and services for women than early-stage fintech firms. Most late-stage firms in the study operate in medium to high economic gender gap markets, which may explain the lower reported shares of women despite their increased customization efforts. Figure 7 shows the percentage of fintech firms by growth stage undertaking the various products and services tailored to women.[41] 52% (n=25) of late-stage fintech firms report tailoring their products toward women customers, compared to 27% (n=45) of early-/growth-stage firms. This is likely due to better availability of resources and increased competitive pressure on late-stage firms to expand market share.

Figure 7. Strategies for serving women across funding stages[42]



The study identifies several exemplary early-stage fintech firms that are intentionally serving and targeting women, addressing the underlying obstacles that women, or specific subgroups of women, encounter when accessing and utilizing DFS. Such firms, as discussed in section 2, are seeing better representation of women in their portfolios. The case study below outlines how an early-stage firm, mfarmPay, is intentionally targeting women through a multi-pronged approach.



41 Early-stage: unfunded, pre-seed, seed; Growth-stage: series A-C; Late-stage: Series D+, public, subsidiary

42 The relevant survey question was: 'What does your organization do to target or serve women?' The options were Tailored products for women customers, Targeted marketing to existing or new women customers, Other support services targeted to women customers, Partnership with financial or nonfinancial organizations to reach or serve women customers, Market research to understand women segment(s), No tailored processes for women customers, No separate product design or delivery for women customers but revised businesses processes based on their preferences, Other (Please specify). Respondents could select all applicable answer choices.

CASE STUDY

mfarmPay lowers the qualifying criteria for women smallholder farmers to access credit

Model	Founded	Active market	Maturity
Lending	2019	Kenya, Uganda, Nigeria	Pree-Seed

mfarmPay offers a digital finance platform combining data and resources to de-risk and deliver financing for smallholder farmers. mfarmPay deliberately considers gender as part of its aim to address the lending gap between financial institutions and smallholder farmers. The firm recognizes the need to target this huge, untapped, and commercially appealing customer segment: women farmers display better loan repayment patterns and tend to be consistently involved in agriculture compared to men, who might switch to more financially rewarding industries. The strong presence of women in mfarmPay's management team helps the company identify gender constraints and inform tailored product design and features.

Aggregating data across unconventional sources to determine credit score.

mfarmPay uses insights from SDD collected by its parent company (which has delivered digital bundled services to farmers in Ghana, Uganda, and Kenya over the past decade), such as the number of farmers subscribing to a digital services vendor or using and benefitting from existing products in the market. It also gathers insights from customers through interviews at trade shows/field events and training events to understand market positioning and product rollout.

Lowering qualifying criteria and targeting women-centric farming activities.

mfarmPay helps increase women's access to loans by lowering the prequalification threshold for women smallholder farmers as part of its credit risk assessment services. It is developing a first-loss credit guarantee instrument with partner financial institutions in Ghana that aims to provide 41,000 rural women farmers with access to credit. It also places significant emphasis on commodities in which women farmers are highly engaged in production. For example, mfarmPay strategically focused its product rollout toward women smallholder farmers specializing in yam cultivation because of the large number of women actively involved in the cutting and post-processing of yam products.

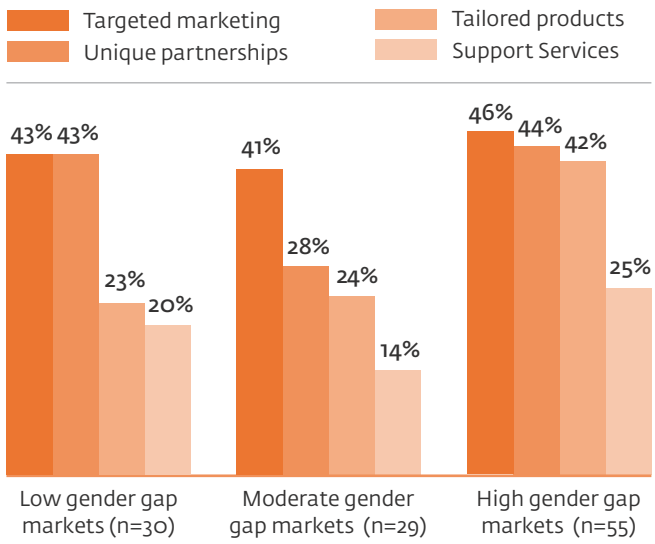
Targeting women-oriented platforms as key distribution channels.

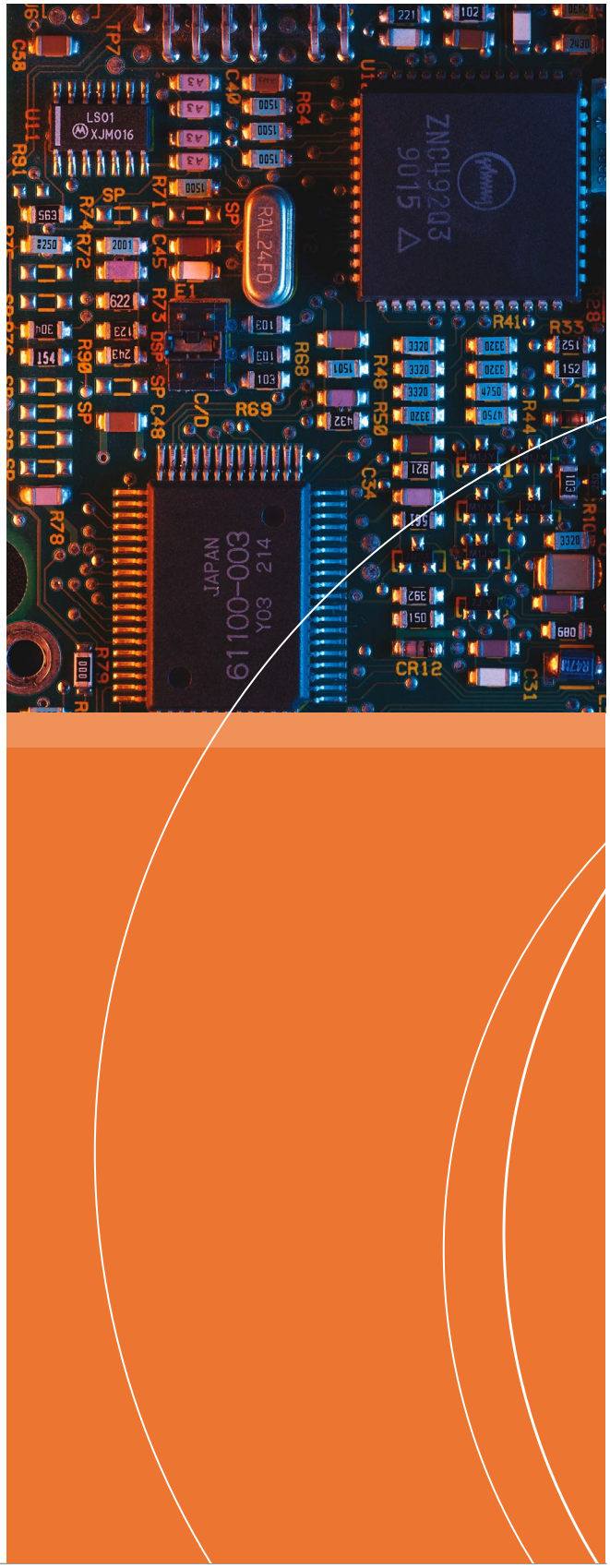
mfarmPay targets women customers through farmer cooperatives with large women smallholder farmer networks.

3.2.2 MARKET GENDER GAP

Fintech firms operating in markets with low economic gender gaps tend to be less inclined to tailor their value propositions to women. Figure 8 shows the percentage of fintech firms undertaking each of the approaches detailed above across markets with low, moderate, and high economic gender gaps (see definitions in footnote).[43] Close to half of the firms in markets with a high gender gap in economic participation and opportunities (e.g., India, Turkey) report tailoring their products for women; these firms recognize the gender gaps in accessing and using financial services, and are trying to carve a niche for themselves in populations underserved by traditional FSPs. In markets with low economic gender gaps (e.g., the Philippines, Kenya), firms often do not find a compelling need for gender-differentiated strategies, despite recognizing a strong commercial value in the women's market: in the words of one interviewee, 'Women in these societies are well-positioned and face limited additional barriers when accessing financial services.' Fintech firms in these markets tend to focus on other underserved segments, such as those employed in informal jobs or migrant workers.

Figure 8. Strategies for serving women across markets with different gender gaps[44]





43 See definition in footnote 25

44 The relevant survey question was 'What does your organization do to target or serve women?' The options Tailored products for women customers, Targeted marketing to existing or new women customers, Other support services targeted to women customers, Partnership with financial or nonfinancial organizations to reach or serve women customers, Market research to understand women segment(s), No tailored processes for women customers, No separate product design or delivery for women customers but revised businesses processes based on their preferences, Other (Please specify). Respondents could select all applicable answer choices.

4.

BUSINESS CASE

How do women customers perform relative to fintech firms' overall portfolio and what practices are yielding better results?

Key Insight 3: **A majority of fintech firms consider women customers to be more loyal, less risky, and more or equally valuable relative to men.**

Key Insight 4: **Fintech firms that tailor products/services toward women report higher lifetime value, despite sometimes incurring higher costs.**

Previous evidence has demonstrated that women are an attractive segment for FSPs due to their higher loyalty, higher lifetime value, and lower default risk compared to men. [45, 46] Fintech firms customizing their products and services for women more often observe a higher customer lifetime value (CLV) among women. In certain cases, tailoring to women can increase customer acquisition cost (CAC), given targeted marketing, partnerships, or education programs. This section seeks to determine whether such a commercial case holds true for fintech firms. Results indicate that intentionally targeting women can be commercially beneficial, even with a higher CAC for women compared to men, owing to the former's higher CLV.

45 IFC Banking On Women, Business Case Update #6, Lower Nonperforming Loans (NPLs) for Women-Owned SMEs, 2023

46 The Economics of Banking on Women: 2019 Edition How Banks Can Profit from the Multi-Trillion Dollar Female Economy, 2014

This section examines the economics of serving women customers and how fintech firms can benefit from tailoring their value propositions to women. Section 4.1 assesses the performance of women for each business model, relative to the overall portfolio, based on the following metrics:

- **Lending.** (i) 90-day NPL rate reported for women and overall portfolio by fintech firms in the survey; (ii) default rates, loyalty rates, and CLV of women compared to those of men, ranging from significantly better to significantly worse, based on participants' perceptions.
- **Savings, payments, and insurance.** loyalty rates and CLV of women compared to those of men, ranging from significantly better to significantly worse, based on participants' perceptions.

Section 4.2 examines how serving women strategically can strengthen the commercial case for fintech firms. The profitability metrics mentioned above are compared, distinguishing between those companies that report tailoring their products and services and those that do not. The section reviews how these customizations impact CAC for women customers in an attempt to understand the trade-off between performance and cost. By analysing these metrics, the impacts of product and service customization on the financial performance of fintech firms are assessed.

4.1 Unit Economics of the Women's Market

4.1.1 LENDING

Women default less in lending-focused fintech firms' portfolios; firms describe women as being more prudent borrowers than men.

More fintech firms report NPL rates of less than 10% for their women's portfolio.[47] And in discussions, many firms indicate that NPL rates are lower for women customers than for men customers. For example, an African lender reports a 90-day NPL rate of 2.5% for women-owned businesses, while the rate for men-owned businesses is 4%. Similarly, an Indonesian lender has a 90-day NPL rate of 3.5% for women-owned businesses and 3.9% for men-owned businesses. In the case of a Colombian lender, the NPL rate for women-owned businesses is 8%, compared to 14% for men-owned businesses. Perception-based data provides additional confirmation: 58% (n=49) of lending-focused fintech firms state that women's default rates are lower compared to men.

This is in line with an IFC survey of banking clients, which revealed that over six consecutive years, loans extended to women-owned SMEs consistently demonstrated lower rates of non-performing loans compared to the overall SME portfolio.[48]

Figure 9. 90-day NPL rates for women vs overall portfolio

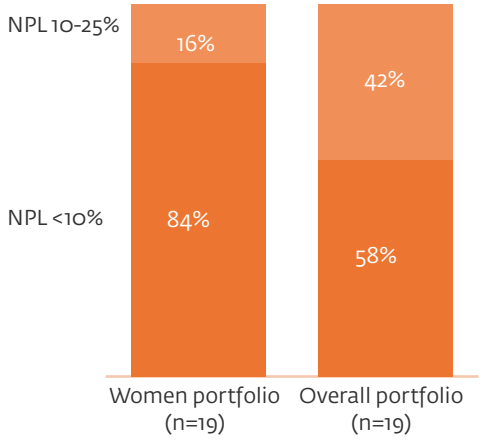
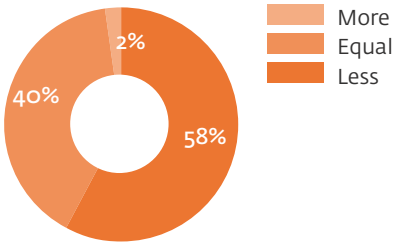


Figure 10. Share of lending fintech firms stating that the default rate for women is less than, more than or equal to men (n=49)



47 Based on 90-day NPL rates reported by 19 lending fintech firms

48 In a survey of 140 IFC client financial institutions in 2022, the average NPL ratio for loan portfolios of women-owned SMEs was 3.6%, significantly lower than the average NPL ratio for total SME loan portfolios (4.7%), comprising both men- and women-owned SMEs. This data follows the same trend of better performance for women-owned SMEs over the past five years.

Fintech firms attribute lower default rates to women's more financially risk-averse behavior and a greater social pressure to repay loans compared to men—although such pressure is not always desirable. This aligns with previous research[49] in the financial services sector.

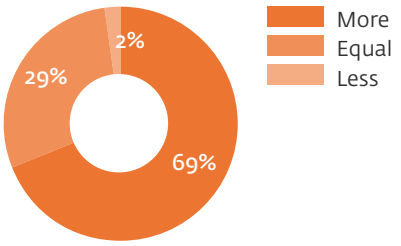
> *"Women are more reliable than men. We tend to see a lot more of them operating in the agricultural value chain for long periods. This can also reduce loan default, which is a longer process compared to the other population."*
>
> *– Kenyan lending fintech firm*

> *"Women generally have lower NPL rates due to greater financial discipline. But when crisis strikes, they generally have lower balances and weaker forms of support to fall back on, which may end up increasing their NPL rates."*
>
> *– Colombian lending fintech firm*

Women are described as more loyal borrowers than men by most lending firms.
Fintech firms note how women take longer to build trust with digital platforms, but once they do, they prove to be 'stickier' customers than men.

> *"Men have a higher propensity to do what we call loan stacking—taking loans from multiple lenders—as they have higher risk appetite. Women are consistent with respect to sticking with one provider."*
>
> *– Nigerian lending fintech firm*

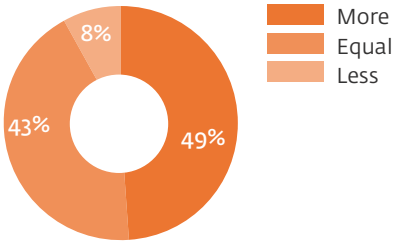
Figure 11. Share of lending fintech firms that believe women's loyalty is more than, less than, or equal to that of men (n=49)



Women borrowers are considered to have a higher CLV than men borrowers by almost half of the firms.
In interviews, fintech firms uniformly report that women's better repayment and default profile leads to a better risk-return profile. Despite lower average loan sizes—a difference of 30% according to an Indonesian digital lender—better repayment and loyalty metrics drive greater CLV for digital lenders.

> *"On the commercial side, in my experience, we've seen much better payment records and LTV with women-owned businesses. That encourages us to give better terms to women-owned businesses just to encourage them."*
>
> *– Credit-led neobank in Kenya, Uganda, and Nigeria*

Figure 12. Share of lending fintech firms that state women's CLV is more than, less than, or equal to that of men (n=49)



4.1.2 SAVINGS, PAYMENTS, AND INSURANCE

Just over half of the nonlending fintech firms describe women as more loyal customers compared to men.

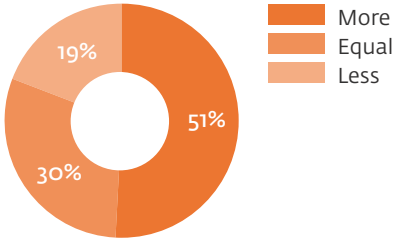
In interviews, firms note that men have a significantly higher churn rate, driven by a greater willingness to try multiple financial services applications. A Senegalese digital payments firm, for example, noted that 90% of women customers were likely to remain active users after a year compared to 70% of men customers.

> *"It takes time but when they build trust and know that you can help build their finances, they are very loyal to you and even recommend to other women to save on the platform."*
>
> *– Ghanaian digital banking platform*

49 Refer to Footnote 45

In contrast, for those fintech firms reporting lower loyalty among women, this is attributed primarily to the perceived preference for physical transactions over digital ones, leading women to sign up but remain inactive on the platform. Another possible explanation is the belief that women engage in smaller but more frequent transactions, influencing a preference for cash transactions over digital ones.

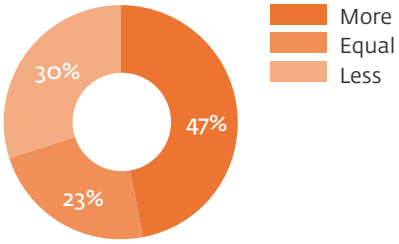
Figure 13. Share of non-lending fintech firms that state women's loyalty is more than, less than, or equal to that of men (n=56)



Close to half of the savings, payments, and insurance firms stated that women generate greater CLV. Some firms indicate that women have a relatively higher tendency to maintain insurance premium payments or transact more often on payment or savings platforms, contributing to higher CLV relative to men. However, the overall low share of women in transactions for payments firms (as discussed in section 2) suggests that the latter might not be the case for most fintech firms.

> *"Women undertake twice the number of transactions as men. For us, women do 20+ transactions per month versus men, who only do 10 transactions per month. This is because women have more everyday spending activities (like going to market daily)."*
>
> *– Senegalese payment firm*

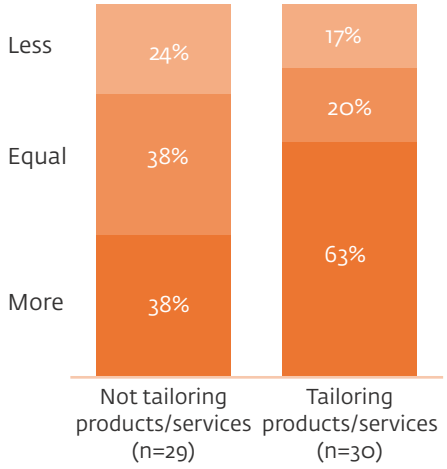
Figure 14. Share of nonlending fintech firms that state women's CLV is more than, less than, or equal to that of men (n=56)



4.2 Impact of Serving Women Strategically

63% (n=30) of fintech firms that customize their products and services for women believe that women generate more CLV than men, compared to only 38% (n=29) that do not. However, the study cannot determine whether fintech firms report a higher CLV due to their investment in tailored products and services for the women's segment or if they make this investment based on their pre-existing belief in women having a higher CLV.

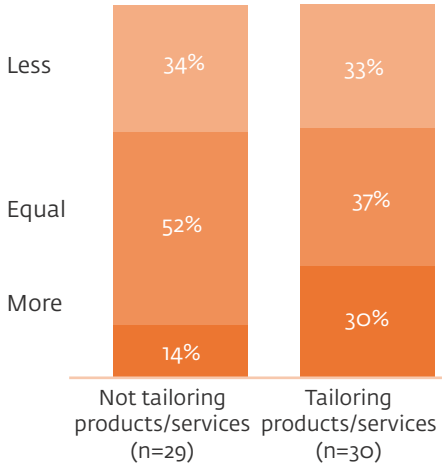
Figure 15. Share of fintech firms that state women's CLV is more than, less than, or equal to that of men



Tailoring products and services might increase CAC in certain cases.
Firms tailoring their products and services to women more frequently mention that the cost of acquiring women is higher than that for men. Firms cite the additional marketing costs of reaching specific women sub-segments, expenses related to providing services to overcome digital or financial literacy-related barriers, and costs associated with unique acquisition channels.

> *"The cost of acquisition is 45% higher for a women customer. For a man who has a bit of English understanding or understands dealing with money, it will take an agent about five minutes to get them to install the app. For a woman, who does not understand the language or the app, this increases to 8–10 minutes. "*
>
> *– Ugandan digital lender*

Figure 16. Share of fintech firms that state CAC for women is more than, less than, or equal to men



Business lending: unit economics of women versus men
To examine the trade-off between higher CLV and higher CAC when serving women strategically, the study compared the unit economics for women versus men in a business lending context using the CLV:CAC ratio. The analysis was based on data gathered through secondary research and portfolio data collected from fintech firms.

The high-level findings of this analysis indicate that intentionally targeting women can be commercially beneficial, even if there is a higher CAC for women compared to men. Although anecdotally, women may require a higher initial CAC compared to men in certain situations, these investments can be recovered through women's higher CLV over the long term.

Based on the available data, the results suggest that fintech firms can achieve equal profitability by implementing intentional practices that lead to higher CLV for women, even when spending 1.4 times more in acquiring women relative to men.[50] Fintech firms attribute the higher CLV to women's greater loyalty and lower default rates, even when their loan sizes are smaller compared to those of men.

It is worth noting that this business case is not universally applicable to all fintech firms and relies on the assumption that intentionally serving women results in improved CLV, as qualitatively evidenced in the previous section. The results highlight the need for a more detailed analysis of the broader fintech sector in focus countries.

50 Estimates considered the following data and assumptions:The average loan size for men-owned businesses was $7K (based on data from Indian fintech). During discussions, some lenders reported that women's loans are 30% smaller than men's loans. No difference in duration of loans was assumed; CAC for men-owned businesses was assumed to be 2.5% (based on secondary research). During discussions, lenders reported CAC for women-owned businesses to be in the range of 1–1.45 times more than for men-owned businesses; The NPL ratio was assumed to be 4% for men-owned business (based on secondary research and interviews). Three fintech firms confirmed 10–40% lower NPL rates for women-owned businesses. The NPL rate for women-owned business was assumed to be 3%; Revenue per user was assumed to be the same—at 25%—for men-owned and women-owned businesses based on secondary research.

5.

DRIVERS AND SUPPORT AREAS

What support do fintech firms need to serve women strategically?

Key Insight 5: **Fintech firms need knowledge, research, financial support, and technical assistance to fully capture the women's market.**

To target women intentionally, fintech firms' leadership and investors must strongly internalize the business case for serving women along with the social value of women's financial inclusion. However, this alone is insufficient. A high proportion of fintech firms express that they need market-specific knowledge of women's needs and market size, seek best practices, and want to see a well-evidenced business case before moving in this direction. A similar proportion of firms report needing financial support through earmarked grants, patient capital, and concessional debt to design and iterate on such business models. Internal expertise or dedicated resources for serving women customers are a less common request. The necessity of an enabling policy or regulatory environment is more commonly cited by firms in nascent fintech markets.

5.1 Drivers for Fintech Firms

5.1.1 INTERNAL DRIVERS

The presence of leaders who have internalized the social or commercial value of serving women is the strongest internal driver for firms intentionally targeting women. 58% (N=114) of firms attribute their strategic focus on women to leaders' belief in the importance of women's financial inclusion. Similarly, 58% (N=114) of fintech firms point to leaders believing in the role of women customers in expanding the firm's customer base and market share as a driver, and 36% attribute it to the belief that firms should have public-service-oriented goals. These trends hold across various business models and markets.

Leaders reference three common explanations for these beliefs:

- Women are a high-potential, underserved segment. Leaders frequently cite that their interest in targeting women customers is driven by the recognition of women as an underserved, high-quality (as discussed in section 4) customer segment. Developing solutions for them is considered essential for expanding the base of active customers. Firm leaders who focus on sectors where women are overrepresented in sub-segments of their customer base, such as informal home-based women entrepreneurs for fintech firms lending to MSMEs, or women smallholder farmers for fintech firms providing agricultural credit, also report the same rationale.
- Women drive nationwide progress in financial inclusion. Other leaders base their understanding of the need for women's financial inclusion on data related to their country's national financial inclusion goals, which state that such inclusion cannot succeed without closing gender gaps.
- Personal experiences. Several leaders, both men and women, cite formative experiences from their upbringing in respective societies that underscored the costs of women's exclusion from financial services. These experiences have influenced their approach in designing specific fintech solutions.

Interestingly, although fintech firms do not highlight internal gender diversity as a key driver for serving women strategically, in interviews, several mention that having women in leadership helps build the case for serving women intentionally. Only around 25% (N=114) of fintech firms cite high representation of women in management or staff as an important driver for serving women more intentionally as customers. Additionally, there is no observed correlation between the internal gender diversity among management or staff, the implementation of tailored practices to support women (as discussed in section 3), or the proportion of women in the customer base. However, in interviews, some firms acknowledge that having more women in management and on the board helps them become more gender-sensitive internally and externally. For instance, a digital lender in Kenya, Uganda, and Ghana, believes that having strong representation of women in management influences the organization's decisions to fine-tune products and services for more external representation of women, as it is easier to build a case for gendered constraints in this scenario.

5.1.2 EXTERNAL DRIVERS

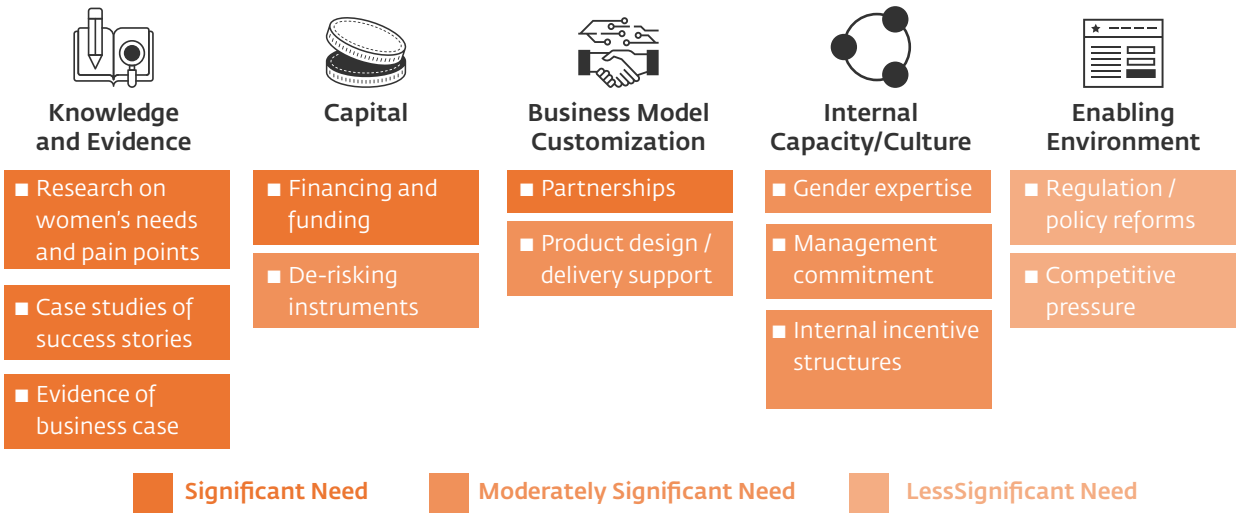
45% (N=114) of firms most frequently cite investor support or mandates as the external driver most needed to push them to serve women better. In interviews, firms typically reference one of the following three channels through which investors influence their intentionality to serve women:

- Board-level mandates to ensure gender-parity within the firm's customer base or establishing targeted product or delivery channels to reach women customers. For example, one firm reports how impact investors are influencing the development of firm-level targets to ensure a 50–50 gender split in its customer base by 2025.
- Financial support to design or deliver products or services for women. Several firms highlight how impact investors, part of their investor base, strongly influence firm leadership or actively provide financial support to pilot or expand such efforts. Many of these firms continue or scale such pilots only when they see a strong commercial case for such endeavors.
- Impact measurement frameworks that prioritize firm-wide reporting of both internal- and external-facing gender statistics. Several firms report how the increasing use of environmental, social, and governance compliance frameworks prioritizes reporting and demonstrating progress on financial inclusion (both adoption and usage of financial services) and the financial resilience of target customers through the fintech firm's services.

5.2 Areas of Support

Figure 9 maps the key support areas and their relative significance that fintech firms cite to enable them to serve women strategically.

Figure 17. Key support areas cited by fintech firms to enable serving women strategically (N=114)



5.2.1 KNOWLEDGE

Importantly, fintech firms aim to gain a better understanding of women customers. 67% (N=114) of firms want more research on women's needs and pain points to successfully capture this market. Fintech firms want to understand what drives women to seek DFS compared to traditional financial services, women's product preferences when considering DFS or comparing similar solutions, and the acquisition and distribution channels to which they are likely to respond positively.

> *"It will be helpful to get more insights on what is stopping women entrepreneurs from going to digital lenders, specific biases in the female borrower that we can understand, and ways to identify if we can reach out to more and more customers."*
>
> *– Indian digital lender*

Fintech firms seek to learn from successful business practices serving women and are looking to other firms in their market for guidance. Half (N=114) of the fintech firms highlight the limited body of knowledge available to help them target women customers; these firms want to learn about successful examples of product design, distribution, and nonfinancial support. Firms find case studies more 'believable' when they come from others in their market or region due to both demand-side factors (e.g., significant variations in gender norms across markets) and supply-side factors (e.g., variations in the state of the fintech sector and regulatory environment across markets).

> *"Best practices in the first place will be very helpful, not only on the product but also on the literacy part. I feel like we're all inventing the wheel by developing financial literacy programmes. We did a lot of desk research to find best practices, but often you can't compare the geography, or you can't compare the type of product, or it's offline versus online."*
>
> *– Indonesian digital lender*

Fintech firms are looking to clearly articulate the business case for serving women customers. 45% (N=114) of fintech firms demand evidence for a clear business case for women. Firms underscore, in several interviews, the importance of constructing a rigorous business case, a principle evident in IFC's previous experience. To persuade internal stakeholders, such as their board or senior management, executives seek a clear, data-backed business case demonstrating that revenues from differentiated practices for women and the growth potential of women segments outweigh ongoing and upfront costs.

"The first step [to tap into the women's market] would be to present this as a business case and for that to happen, we have to get the data right in terms of the percentage of women, and how that translates into our revenue and so forth. If the data and numbers add up, and the board wants to go towards that direction, then we can look for strategic partners that would like to walk with us in that journey."

– Indonesian payments provider

"We can use support on how to build a story that tells the impact story and also a very sustainable story. There's a lot of people doing interesting things, but then struggle raising money or can't grow or just become a cool case study in a report. The ecosystem can highlight the ones that actually are scaling and making revenue and driving impact and why."

– Mexican lending provider

5.2.2 FINANCIAL SUPPORT

62% (N=114) of fintech firms view financial support as critical to serving women customers better. Fintech firms highlight a number of financial instruments that can assist them in offsetting the additional cost or time needed to undertake strategic initiatives for women.

Distinct forms of support are required for different efforts:

- **Grants.** Fintech firms report needing grants, accompanied by technical assistance, to design pilots and develop women-focused product or distribution ideas, turning them into commercial products.

"Taking a [women-focused credit] pilot into a commercial product requires a certain amount of funding. It requires a kind of accelerator programme with a non-equity assistance grant to kickstart. It's going to be a very small amount to begin with to just to test the product right before; then we can start talking about what's going to be the traction."

– Indonesian digital lender

- **Concessional debt.** Fintech firms seek competitive debt to reduce their internal cost of capital and to offer women customers more attractive products. For example, firms seek local currency loans at the same rate of interest as US dollar loans, with an external funder taking on the foreign exchange risk.

- **Patient equity capital.** Fintech firms express interest in equity investments but aim to ensure strong mission alignment before bringing on new investors to their capitalization table. In interviews, firms note that recently raised funding from gender-focused investors demonstrated how such investors are critical for kickstarting their initial efforts in designing differentiated value offerings for women.

"We are open to partnering with an equity investor or partner, but we are very picky in ensuring [that the investor] is supporting our impact. Our vision is democratizing fintech within the last mile. While it would be easier to focus on payday loans within cities, our purpose will take a little more time, but we know it will create more impact. So that is the kind of investor we would be looking for. "

– Colombian digital lender

- **De-risking instruments.** Fintech firms note that risk-sharing instruments, such as credit guarantees and first-loss pools, can enable them to iterate rapidly on product design for women. Firms highlight the role that credit guarantee facilities play in facilitating the supply of digital credit to credible women customers who would otherwise not qualify for traditional credit (e.g., sound women-led businesses that may have recently defaulted on one or two loans due to pandemic-induced shocks).

"If there are any kinds of directional goals from investors, that has to come with an equal commitment on either risk-sharing or on some kind of grant support coupled with technical support to help us de-risk this experiment, not just for [the firm] but also for its customers. The one thing that can drive most momentum is, for instance, is a risk-sharing pool or a first-loss pool available for women customers to test a certain minimum number of customers. That immediately enables us to take risks quicker and scale up those experiments much faster. "

– Kenyan digital lender

5.2.3 BUSINESS MODEL CUSTOMIZATION

Fintech firms overwhelmingly report needing support in building partnerships with both financial and nonfinancial fintech firms to reach women. 62% (N=114) of fintech firms seek support in building partnerships that would assist them in targeting and serving women customers more intentionally. These include partnerships to facilitate the onboarding of women customers (e.g., with microfinance organizations), establish new distribution channels with a higher likelihood of reaching women customers (e.g., with e-commerce platforms), and co-develop products with financial partners (e.g., with traditional financial institutions like commercial banks).

Fintech firms point to advisory support as critical for successfully going to market and operationalizing research-driven insights. From in-depth interviews with fintech firms, executives highlight several advisory needs, including understanding scalable business models adaptable to their business context, tools to measure the impact of DFS on women's lives and communities, and building the financial capabilities of individual women customers and entrepreneurs with varying levels of financial literacy.

> *"We can use help in understanding how to use technology well, where in-person touch needs to be implemented, and the impact of these choices on the unit economics with financial modelling."*
>
> *– Mexican lending provider*

5.2.4 INTERNAL CAPABILITY

Fintech firms do not widely emphasize the need for internal expertise to serve women strategically. Less than a third of fintech firms cite this as a top internal change needed. However, various advisory support providers working with FSPs, including IFC, have found that long-term success requires efforts within the firm to build lasting awareness of gender differences and knowledge around the women's market opportunity[51] The importance of internal expertise cannot be discounted, even though firms are unlikely to report these barriers as significant.[52] Some firm leaders underscore the need for gender specialists to conduct dedicated capacity-building programs for women customers.

> *"You need a gender specialist who can actually engage and connect with [women customers] properly. I myself have seen that there's a huge impact when you have a gender specialist because their way of communication and engagement is totally different from a normal trainer. The delivery has to be different because you need to understand how women take in information and how they provide feedback."*
>
> *– Indian digital lender*

51 IFC, Learning Study on Impact Of Banking On Women Programs In Europe, Central Asia, Middle East And North Africa, 2016

52 IFC, Gender Intelligence for Banks—Moving the Needle on Gender Equality, 2017

6.

OPPORTUNITIES FOR THE ECOSYSTEM

What are the opportunities for the ecosystem going forward?

Key Insight 6: **The ecosystem can accelerate fintech firms' journey toward serving women strategically by providing support tailored to market conditions and the firms' stage.**

As discussed previously, representation of women in the customer base, and fintech firms' approach to serving women, is influenced by the firms' maturity and underlying gender gaps in the market. This study recommends market-/firm-specific opportunities for the ecosystem—commercial investors, impact-focused investors, multilateral institutions, and incubators—to support fintech firms in serving women and ultimately in contributing to the financial inclusion of women.

In markets with small economic gender gaps, the ecosystem could mobilize gender-lens investing to encourage firms to monitor gender balance in their portfolios. Technical support could be provided to firms lagging or looking to focus on specific underserved sub-segments of women (e.g., home-based entrepreneurs).

In markets with large/moderate economic gender gaps

- ecosystem actors could identify early-stage firms that are serving women strategically and disproportionately and help them scale with targeted financial and technical support.
- ecosystem actors could drive experimentation among growth-/late-stage firms by providing de-risking instruments and facilitating partnerships to support them in innovating models that serve women strategically and increase the representation of women in their portfolios.

6.1 Building an Enabling Ecosystem for Fintech Firms

Ecosystem actors, including investors, multilateral institutions, and incubators, can accelerate fintech firms' progress toward serving women strategically. The study proposes these opportunities for the ecosystem to support fintech firms across markets and stages:

Low Economic Gender Gap Markets

Firms in markets with small economic gender gaps naturally observe better representation of women in their portfolios compared to firms in markets with large economic gender gaps. Consequently, they less frequently differentiate their value proposition for women. However, the majority of fintech firms in these markets still report that women constitute a minority of their portfolios, with some indicating that women make up less than a quarter of their customer base. Thus, it is crucial for firms to assess the sex-disaggregated performance of their portfolio to identify opportunities for further inclusion of women.

In discussions, firms reveal opportunities to target specific sub-segments of customers that disproportionately comprise women, such as migrant workers or informal sector workers. There are opportunities to support fintech firms in reaching these traditionally underserved segments.

Financial Support

- **Incentivizing or encouraging the collection and reporting of SDD** and making such information standard during due diligence.
- **Patient capital or concessional debt for fintech firms focusing on traditionally underserved segments** of the women's market.

Nonfinancial Support

- **Technical assistance for fintech firms that see low representation of women** in their portfolios to collect and analyze SDD, identify leakage points in the user journey, and share best practices from peers within their market or from other similar markets.
- **Advisory support or market research for fintech firms looking to establish a rigorous business case** based on the long-term customer growth and quality of specific women sub- segments.

Ecosystem Building

- **Market-wide business case** development, sizing specific sub-segments **of underserved women.**
- **Convening efforts among firm leaders** to enable peer learning and investors to drive gender-lens investing.

Moderate to High Economic Gender Gap Markets

Several promising early-stage firms that intentionally focus on women and have successfully built a large representation of women in their portfolio are identified in the study. However, despite having small user bases, these firms need support to scale up. On the other hand, late-stage firms still encounter challenges in maintaining a substantial share of women in their portfolios, often despite tailoring their products and services. This is attributed to social, cultural, and economic barriers faced by women. These late-stage firms require additional knowledge and evidence regarding the women's market, along with financial support, to conduct experiments and identify effective models that will enhance women's inclusion in their portfolios.

The study underscores that intentional practices of serving women may result in a higher CAC for fintech firms. Consequently, firms can benefit from financial support to cover the upfront investment required for setting up such models.

Financial Support

- **For early-stage fintech firms: competitive grants to recognize and support intentional firms; risk-sharing facilities** that offer partial guarantees across multiple early-stage firms to bolster firms seeking to serve women customers through new or pilot products.
- **For growth-/late-stage fintech firms:** de-risking instruments such as market or region-wide first-loss guarantee facilities that can help firms experiment and develop a rigorous business case for scalable models; **concessional debt** that can lower the cost of capital for firms and offset upfront costs of acquisition and servicing new women customers.

Nonfinancial Support

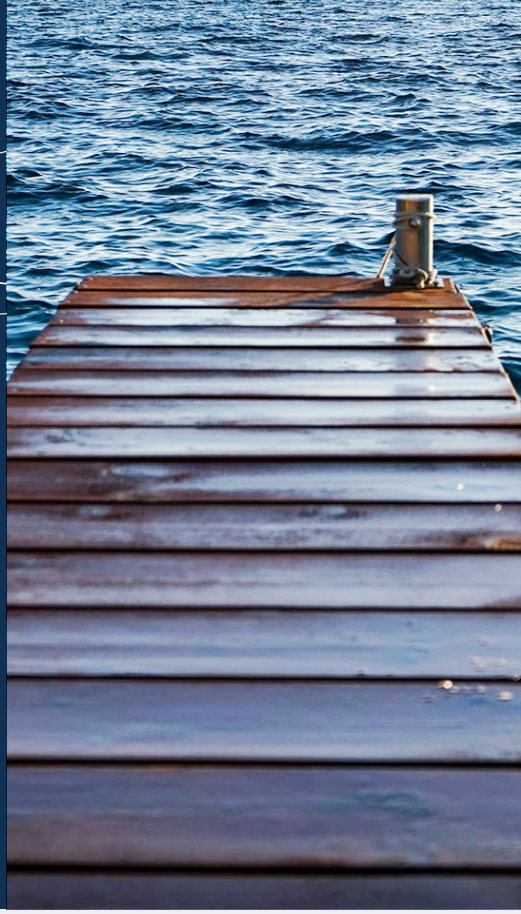
- **Tailored assistance, evidence, or grant support for foundational demand-side customer research** to understand women's barriers and needs and determine the commercial viability of specific women sub-segments.
- **Brokering partnerships** with other financial and nonfinancial platforms **that can serve as acquisition channels** to capture women customers more cost-effectively.
- **Technical assistance to improve data collection** and commercial/social **impact measurement capabilities.**

Ecosystem Building

- **Market-specific research**—for example, research targeting the addressable market or unique preferences of sub-segments, case studies on scalable and sustainable business models, and business cases.
- **Convening of fintech leaders** to drive cross-pollination.
- **Policy changes in nascent fintech markets (e.g., Senegal, Côte d'Ivoire) to foster a responsible and gender-inclusive digital finance ecosystem**—for example, regulations enabling reporting of SDD, establishing financial infrastructure such as retail payments, and limiting consumer protection risks that women may face.

Across markets and firms, there is a need to create joint learning opportunities for investors, policymakers, and technical experts to expedite the diffusion of best practices and enhance awareness of shared barriers faced by fintech firms that require deeper focus. This could be achieved through high-level conferences and learning series, consortiums of practitioners, and communities of practice involving both experts and market actors to build the capacity of industry actors.

7.



CLOSING REMARKS

This study illuminates the significant potential of fintech firms to contribute to women's financial inclusion and capture a vast, as yet under-tapped, women's market. The distinct gendered behavioral differences of women, along with their unique needs and barriers, underscore the necessity for fintech firms to offer differentiated solutions tailored to women. By doing so, fintech firms stand to unlock the full potential of the women's market—a valuable customer segment characterized by greater loyalty, lower default rates, and higher lifetime value.

The study underscores the pivotal role of ecosystem actors, including investors, multilateral institutions, and incubators, in hastening the progress of fintech firms in strategically catering to women. The opportunities identified by respondents encompass a spectrum of strategies, including providing financial support, offering non-financial support services, and actively participating in ecosystem building initiatives.

While noteworthy progress has been made, substantial gaps persist in effectively serving women customers. Fintech firms must deepen their understanding of women's needs, cultivate market-specific knowledge and leverage best practices to create value propositions that resonate with women. Financial support and a conducive environment are essential to encourage and facilitate the development of such strategies and solutions by fintech firms, and to advance women's financial inclusion and economic empowerment agendas.

ANNEX I: STUDY METHODOLOGY AND LIMITATIONS

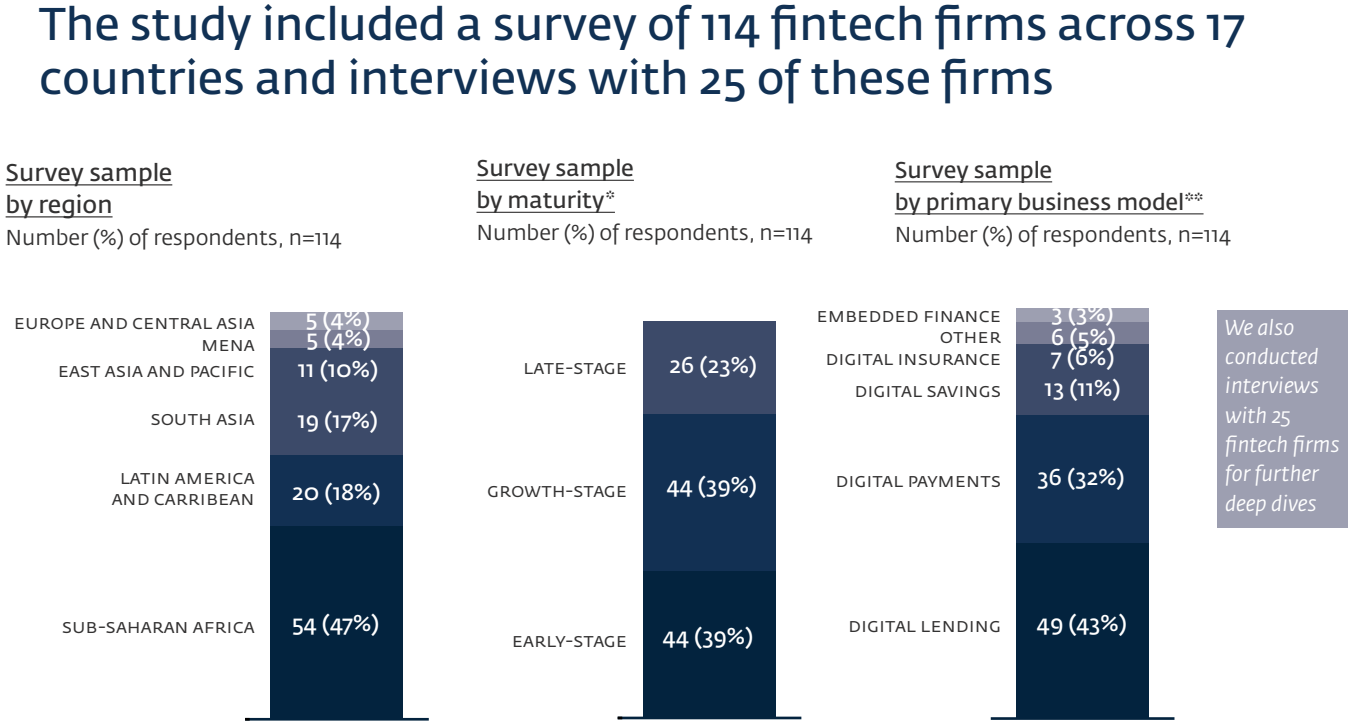
Study Methodology

This study is based on findings from a survey of 114 fintech firms, complemented by in-depth discussions with 25 firms and supported by secondary research on intentional practices in serving women, adopted by both traditional and digital FSPs.

SURVEY

Data were collected through a survey of senior staff and management from 114 fintech firms in 17 in-scope countries. The survey was conducted both online (web survey) and offline (in-person and telephone interviews) between November 2022 and February 2023. Figure 10 shows the sample distribution by region, maturity, and business model.

Figure 18. Distribution of survey sample across region, maturity, and business model



Note: (*) Early-stage firms are those at the unfunded seed funding stage; growth-stage startups are those at the Series A–C funding stage; late-stage startups are those at the Series D (and beyond) stage of funding. (**) Thirty-two of the responding firms identified lending as a secondary model. "Other" business models refers to those used by nonfinancial firms (e.g., invoice management and accounting platforms) to offer financial services.

IN-DEPTH DISCUSSIONS

The study draws from 25 follow-up interviews with firms that responded to the survey and demonstrated interest in additional conversations. One-on-one conversations were conducted with the leadership and management teams of firms implementing varying degrees of intentional practices to serve women, to learn from both leading and lagging examples. The study prioritized maintaining a diversity of business models and geographic regions for such discussions.

The discussions focused on gaining a deep understanding of the extent and variety of intentional practices being adopted for serving women, key drivers, and barriers to these practices, as well as the performance of women customers reported in the survey. The discussions were also used to validate the assumptions in the quantified business case in this study.

SECONDARY RESEARCH

A research framework was developed to delineate each study objective and formulate granular research questions, facilitating the evidence mapping. More than 50 secondary resources were reviewed, including academic and industry sources, research papers, and systematic reviews on intentionality among both digital and traditional FSPs in serving women. This was undertaken with the aim of identifying existing evidence on the research questions and determining evidence gaps where this study could provide most value. The research revealed numerous relevant studies, but many research questions were addressed only through qualitative evidence or case studies across various geographies, highlighting the need for further, more quantitative exploration. Annex I includes the research framework, evidence map, and key highlights from the research.

Study Limitations

While the study draws on a sample larger than commonly seen in other studies, the limitations of the sample nonetheless mean that it cannot be assumed to be representative of the entire fintech sector in the focus countries.

It is worth recognizing that the sample,

- forms only a small subset of fintech firms in the in-scope markets. The sample size of 114 represents less than 5% of total fintech firms estimated to be operating in focus geographics.
- is likely skewed toward firms intentional in serving women. Given the nature of the study, framing of the survey, and the types of questions asked, it is likely that fintech firms undertaking more extensive practices for serving women responded at higher rates. For instance, women comprise over 50% of senior management in 17% of fintech firms in this sample (N=114), while in other global studies, women typically make up 7–10% of fintech firm leadership, as founders and board members.[53]
- over-indexes on digital lenders. The study sought to focus extensively on understanding the practices and performance of digital credit providers. Therefore, the sample is not evenly balanced across business models, with lenders representing almost half of the study sample. In contrast, digital payment providers are typically the dominant majority of fintech firms, especially in some markets in Africa.[54]
- is small and not uniformly distributed across markets. Given the scope of 17 countries, each country does not have a statistically significant sample size to support country-level insights. Thus, the study clustered similar markets together to create a meaningful sample size (>15 firms) and derive contextual insights. The study still sought to include at least five firms across most markets. Therefore, the sample size from smaller fintech markets relative to the sample size from mature fintech markets in the study might not be reflective of the relative size of the fintech sector in these markets.

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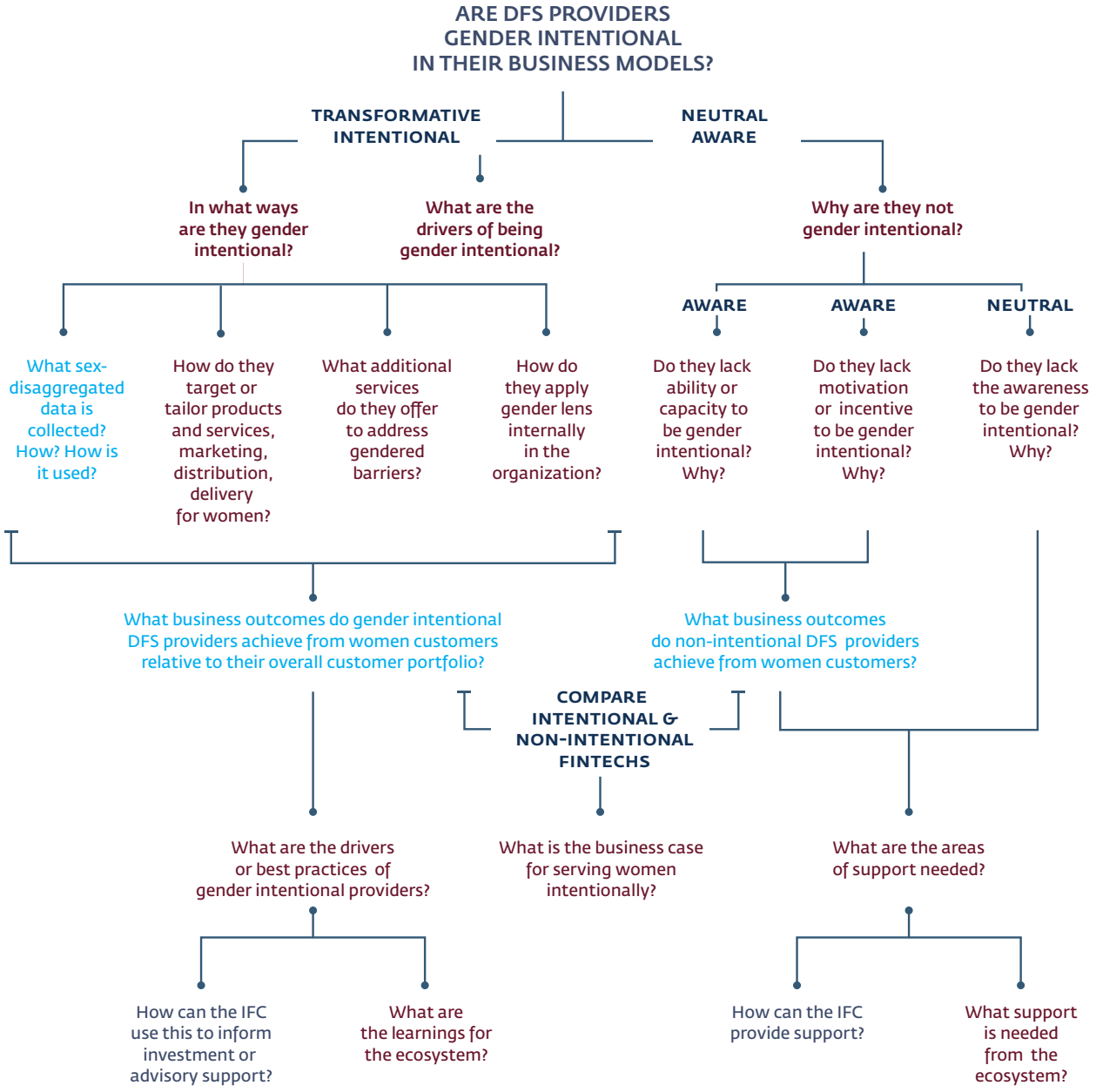
ANNEX II: RESEARCH FRAMEWORK AND BIBLIOGRAPHY

Research Framework and Evidence Gaps

This study was guided by the analytical framework presented below. A limited set of market surveys, as well as multiple case studies across different geographies, provide early findings that are suitable for further investigation.



HIGH EVIDENCE: Quantitative estimates from multi-country surveys
MEDIUM EVIDENCE: Quantitative or qualitative eidence from case studies
LOW EVIDENCE: Weak or no evidence

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March 2024

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