

| White Paper

USHERING INTO THE NEW ERA OF FINANCIAL INCLUSION

Enabling Women and
Women-Led Organisations



| White Paper

USHERING INTO THE NEW ERA OF FINANCIAL INCLUSION

Enabling Women and Women-Led Organisations

AUTHORS:

Monica Jasuja, Soham Jagtap and Ayush Tripathi

COPYEDITOR AND THEMATIC DESIGNER:

Akriti Jayant

RESEARCH ASSISTANT:

Arjav Khurkhuriya

The Dialogue is a public policy think tank with a vision to drive a progressive narrative in India's policy discourse. Founded in 2017, we believe in facilitating well-researched policy debates at various levels to help develop a more informed citizenry, on areas around technology and development issues. The Dialogue has been ranked as the world's Top 10 think tanks to watch out for, by the Think Tank and Civil Societies Programme (TTCSP), University of Pennsylvania in their 2020 and 2021 rankings.

For more information

<http://thedialogue.co>

Suggested Citation

Jasuja, M., Jagtap, S. & Tripathi, A. (December 2024) Ushering into the New Era of Financial Inclusion. The Dialogue.

Catalogue No.

TD/DE/WP/1224/03

Publication Date

December 16, 2024

Disclaimer

The facts and information in this report may be reproduced only after giving due attribution to the authors and The Dialogue.

CONTENTS

1.	Introduction	1
2.	The State of Financial Inclusion for Women in India.....	3
3.	Challenges in Advancing Gender-based Financial Inclusion	7
3.1.	Barriers for Women in Accessing Financial Services.....	7
3.1.1.	Access to Mobile Phones.....	8
3.1.2.	Social and Economic Exclusion.....	8
3.1.3.	Lack of Mobility.....	9
3.1.4.	Lack of Autonomy in Financial Decision-Making.....	9
3.1.5.	Financial Frauds: A Barrier to Women’s Financial Inclusion	10
3.2.	Barriers for Women Entrepreneurs in Accessing Financial Services	10
3.2.1.	Lack of Affordable and Customised Financial Products	10
3.2.2.	Prevalence of Biases.....	12
3.2.3.	Building Trust and Confidence in Financial Products and Services	12
3.2.4.	Lack of Awareness and Education.....	13
3.2.5.	Restricted Access to Empowering Networks and Social Support Groups.....	13
4.	Key Recommendations to Promote Financial Access for Women Entrepreneurs.....	14
4.1.	Enhancing Access to Financial Services for Women	14
4.1.1.	Enhancing Access to Technology.....	14
4.1.2.	Leveraging Digital Financial Infrastructure to Improve Financial Inclusion	15
4.1.3.	Leveraging Embedded Finance for Financial Inclusion.....	16
4.1.5.	Leveraging Existing on-ground network for greater outreach	17
4.1.6.	Community-based Approaches to Advance Financial Inclusion.....	18
4.2.	Improving Usage of Financial Products and Services by Women Entrepreneurs.....	19
4.2.1.	Bolstering Credit Lending Through Self-Help Groups (SHGs).....	19
4.2.2.	Using Unique Metrics to Assess the Success of Women-Led Businesses	21
4.2.3.	Encouraging Female Entrepreneurship in Smaller Cities.....	22
4.2.4.	Promoting Public-Private Partnerships (PPP) for Innovative Financial Solutions.....	23
4.2.5.	Promoting Financial Literacy and Entrepreneurship Training for Women.....	24
5.	Conclusion	25

1. Introduction

Achieving greater digital financial inclusion has been one of the key objectives of the Indian government. With approximately 700 million internet users, 350 million actively use digital payment methods.¹ Digital payments have shown consistent year-on-year (YoY) growth, recording 9192 crore transactions worth Rs. 2050 lakh crore in FY 2022-23.² By 2030, the gross transaction value is projected to reach \$5.2 trillion, growing at a CAGR of 14%, with 62% of payments expected to be Consumer-to-Business.³ However, a significant segment of society, particularly women from rural and remote areas and women-led organisations, remains excluded from the formal financial system or struggles to access financial services.

Developing women-centric financial policies is crucial to bridging the existing gender gap in economic participation. Despite India's significant economic growth in recent years, the benefits have largely bypassed financially marginalised groups, particularly women and women-led enterprises. Women and women entrepreneurs face numerous socio-economic barriers to integrating into the formal financial system, including limited access to mobile phones and the internet, absence of bank accounts, social and economic exclusion, lack of affordable and tailored financial products, and deeply ingrained biases.

Increasing women's participation in entrepreneurial ventures not only drives economic growth but also helps narrow India's persistent gender gap. Currently, women entrepreneurship in India is often viewed as 'survivalist,' driven by various 'push' and 'pull' factors, including social recognition, financial independence, and family interests.⁴ However, women entrepreneurs face significant challenges such as limited skills, inadequate access to formal financing, lack of professional support, and pervasive societal biases.⁵

Most women and women-led businesses in need of credit often struggle to access it due to limited social access, support and awareness. Additionally, the positive correlation between wealth and a woman's autonomy in using mobile phones⁶ highlights the barriers women face in engaging with financial services. Marginalised women experience intersectional inequalities further limiting their inclusion in the formal financial system. Addressing these challenges requires implementing gender-specific policies to tackle root causes and foster gender-responsive economic development, ultimately promoting holistic outcomes such as gender equality.⁷

¹ Bain & Company ((2023) E-Conomy India 2023: The Economy of a Billion connected Indians. Google. Retrieved on November 4, 2023 from https://services.google.com/fh/files/blogs/india_economy_report_2023.pdf

² Ministry of Electronics & IT. (2023, February 8). Digital transactions in India. Press Information Bureau. Retrieved November 8, 2023, from <https://pib.gov.in/PressReleasePage.aspx?PRID=1897272>

³ Bain & Company ((2023) E-Conomy India 2023: The Economy of a Billion connected Indians. Google. Retrieved on November 4, 2023 from https://services.google.com/fh/files/blogs/india_economy_report_2023.pdf

⁴ Gupta, S. and Maheswari, R. (2019). Role of women Entrepreneurship in Economic Development in India. *Int. J. of Trade and Commerce-IARTC*, 8(2), 336-340. <https://journals.indexcopernicus.com/api/file/viewByFileId/1325729>.

⁵ Bain & Company. (2020, February 18). *Powering the Economy with Her: Women Entrepreneurship in India*. https://www.bain.com/contentassets/dd3604b612d84aa48a0b120f0b589532/report_powering_the_economy_with_her_-_women_entrepreneurship_in-india.pdf.

⁶ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

⁷ Sarfaraz, L., Faghih, N. and Majd, A. A. (2014). The relationship between women entrepreneurship and gender equality. *Journal of Global Entrepreneurship Research*, 4(6), 1-11. <https://link.springer.com/article/10.1186/2251-7316-2-6>.

This white paper explores the state of financial inclusion for women and women entrepreneurs, analysing key indicators of access and usage. It identifies challenges to advancing financial inclusion goals and provides actionable recommendations to address these barriers.

- **Chapter 2** examines the current state of financial inclusion for women, highlights government initiatives, and analyses access and usage trends.
- **Chapter 3** delves into the challenges women face in accessing and utilising financial services, focusing on systemic barriers.
- **Chapter 4** offers policy recommendations to overcome these barriers, categorised into strategies for improving access and enhancing usage.

These insights aim to drive meaningful progress toward financial inclusion for women and women entrepreneurs.

2. The State of Financial Inclusion for Women in India

The financial inclusion of marginalised sections has been a core policy focus of the Government of India since the 1970s, marked by the nationalisation of banks and general insurance companies.⁸ However, women were recognised as a distinct category within this effort only in 2013, when priority individual beneficiary loans of up to Rs. 50,000 were introduced to them.⁹ The following year saw the launch of the *Pradhan Mantri Jan Dhan Yojana* (PMJDY), a landmark initiative aimed at advancing financial inclusion in India.

The PMJDY strengthened financial inclusion efforts by leveraging Information Communication Technology (ICT) and prioritised increased collaboration with various stakeholders. Over the past decade, PMJDY has become a landmark initiative, successfully bringing over 53 crore people into the formal financial fold through the opening of Jan Dhan accounts.¹⁰ The initiative has particularly benefited underserved communities, with 67% of new accounts opened by people in rural and semi-urban areas, and 55% of these accounts opened by women.¹¹ Over the period of 2014-2017, the number of bank accounts owned by women increased from 43% to 77%.¹²

Further, on the business front, women constitute only 14% of India's total entrepreneurial population.¹³ Among the 63 million MSMEs in the country, only 20% are women-owned.¹⁴ Notably, about 82% of these women-owned enterprises are micro-enterprises. Encouragingly, women-led MSMEs employ at least 23.3% of India's labour force,¹⁵ and, women-led startups deliver a 35% higher ROI compared to those led by men.¹⁶ This highlights the immense potential of women-run businesses in accelerating growth and disrupting various sectors.

Women-led startups exemplify greater inclusivity, higher risk-taking, and stronger return potential. The unique journeys of women entrepreneurs go beyond business ownership, encompassing a range of

⁸ Ford, R. and Poret, P. (1991). Infrastructure and Private-Sector Productivity. *OECD Economics Department Working Papers*, No 91. <https://econpapers.repec.org/paper/oecedeoaaa/91-en.htm>.

⁹ Chavan, P. (2020). Women's Access to Banking in India: Policy Context, Trends, and Predictors. *Review of Agrarian Studies*, 10(1). https://ras.org.in/women_s_access_to_banking_in_india.

¹⁰ Press Information Bureau. (2024, August 28). *Pradhan Mantri Jan Dhan Yojana (PMJDY) — National Mission for Financial Inclusion — completes a decade of successful implementation* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=2049231>.

¹¹ Press Information Bureau. (2024, August 28). *Pradhan Mantri Jan Dhan Yojana (PMJDY) — National Mission for Financial Inclusion — completes a decade of successful implementation* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=2049231>.

¹² Social & Policial Research Foundation. (2021, September). *Women's Financial Inclusion in Digital India: Need for Gender Thrust*. https://sprf.in/wp-content/uploads/2021/09/SPRF-2021_IB_Gender-and-Financial-Inclusion.pdf.

¹³ ABP Live. (2023, March 3). *Contribution Of Women Entrepreneurs Towards India's Economic Growth. How They Are Shaping The Future*. <https://news.abplive.com/business/international-womens-day-contribution-of-women-entrepreneurs-towards-india-s-economic-growth-how-they-are-shaping-the-future-1586785>.

¹⁴ MicroSave. (2022, October). *Decoding Government support to women entrepreneurs in India*. <https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

¹⁵ Startup India. (2024, October 4). *Barriers to Success: Interesting Facts About Women Entrepreneurs*. <https://www.startupindia.gov.in/content/sih/en/bloglist/blogs/barriers-to-success--interesting-facts-about-women-entrepreneurs.html>.

¹⁶ IBEF. (2022, January 2). *Women Entrepreneurs Shaping the Future of India*. <https://www.ibef.org/blogs/women-entrepreneurs-shaping-the-future-of-india>.

distinct challenges and opportunities. These journeys often require women to navigate socio-cultural barriers and gender norms, molding them into trailblazers of economic development.¹⁷

Key Statistics of Financial Inclusion for Women in India

1. Access

- **Bank Account Ownership:** Approximately 89.3% of adults in rural areas and 89.6% in urban areas have individual or joint bank accounts, showcasing robust accessibility to financial services.¹⁸ However, as of 2022, 23% of women still lacked access to formal financial services, and 42% of women account holders remained dormant.¹⁹
- **ICT Access:** Access to ICT devices is a critical enabler of financial inclusion. While 85% of men own mobile phones, only 75% of women do, reflecting a 10% gender gap. Furthermore, 53% of men have access to mobile internet compared to just 37% of women.²⁰
- **Autonomy in Mobile Usage:** Data from NFHS-5 highlights that among married women who own mobile phones, only 54% have autonomy over their use. Urban women are more likely (69%) than rural women (47%) to own and independently use a mobile phone.²¹

2. Usage

- **Borrowing and Credit:** According to *The Global Findex 2021*, only 10% of women in India are borrowers compared to 15% in men.²² A 2020 study also revealed that women receive credit equal to just 27% of their deposits, whereas men receive 52%.²³
- **Microenterprise Loans:** Among the 20% of MSMEs owned by women, 82%²⁴ are microenterprises, requiring financial support at various stages, including emergencies. However, traditional financial institutions often struggle to provide small-ticket loans due to a lack of credit history and collateral. While *NFHS-5* data shows that 51% of women are aware of microcredit, only 11% have availed of such loans.²⁵
- **Potential for Growth:** Accelerating women's entrepreneurship in India could generate over 30 million women-owned enterprises, creating 150-170 million jobs.²⁶ Despite the existence of 70 central government schemes across 15 ministries, leveraging emerging technologies and financial services is crucial to achieving comprehensive financial inclusion for women.²⁷

¹⁷ Kumar, J.S. and Shobana, D. (2023). Evolution and Significance of Women Entrepreneurs in India. *World Journal of Advanced Research and Reviews*, 19(2), 1445-1458.

https://www.researchgate.net/publication/373581101_Evolution_and_Significance_of_Women_Entrepreneurs_in_India.

¹⁸ National Sample Survey Office. (2023, March). *Multiple Indicator Survey in India*.

https://www.mospi.gov.in/sites/default/files/publication_reports/MultipleIndicatorSurveyinIndia.pdf.

¹⁹ MicroSave. (2022, October). *Decoding Government support to women entrepreneurs in India*.

<https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

²⁰ GSMA. (2024, May). *The Mobile Gender Gap Report 2024*. https://www.gsma.com/r/wp-content/uploads/2024/05/The-Mobile-Gender-Gap-Report-2024.pdf?utm_source=website&utm_medium=button&utm_campaign=gender-gap-2024.

²¹ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*.

<https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

²² World Bank Blogs. (2022, October 12). *Improving women's access to credit in India*.

<https://blogs.worldbank.org/en/allaboutfinance/improving-womens-access-credit-india>.

²³ Chavan, P. (2020). Women's Access to Banking in India: Policy Context, Trends, and Predictors. *Review of Agrarian Studies*, 10(1).

https://ras.org.in/women_s_access_to_banking_in_india.

²⁴ MicroSave. (2022, October). *Decoding Government support to women entrepreneurs in India*.

<https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

²⁵ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*.

<https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

²⁶ MicroSave. (2022, October). *Decoding Government support to women entrepreneurs in India*.

<https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

²⁷ MicroSave. (2022, October). *Decoding Government support to women entrepreneurs in India*.

<https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

2.1 The Role of Digital Public Infrastructure in Advancing Financial Inclusion for Women

The PMJDY played a crucial role in launching a new era of financial inclusion in India by enabling underserved sections, particularly women, to open bank accounts. This initiative significantly expanded access to financial services across the country and paved the way for the creation of the Jan Dhan, Aadhaar, and Mobile (JAM) trinity. Combined with India Stack - a suite of APIs and digital public goods – the JAM trinity established a robust digital public infrastructure for payments in India.

The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI), serves as the payments layer of the India Stack. Built on open APIs, UPI fosters innovation in financial product development and ensures interoperability between digital services and platforms. The philosophy behind DPIs emphasises openness, collaboration, and innovation, driving the rapid growth of the fintech ecosystem and advancing financial inclusion for underserved communities.

UPI, a flagship component of the India Stack, has transformed the financial landscape by enabling instant and secure P2P and P2M payments, simplifying bill payments, reducing dependence on cash, formalising transaction histories, and helping build credit scores. The growth of digital payments and financial inclusion in India aligns closely with the RBI's Financial Inclusion Index (FI Index) in the post-COVID era. **The FI Index rose from 53.9 in 2021 to 56.4 in 2022, 60.1 in 2023, and 64.2 in 2024.** During this period, UPI transactions grew tenfold,²⁸ demonstrating its significant role in driving financial inclusion by expanding access and usage across the country.

UPI's user-friendly and accessible design has empowered women from underserved regions to overcome social and technological barriers, enabling their active participation in the digital economy. It supports seamless service delivery, including direct benefit transfers, fostering financial independence. For women entrepreneurs, UPI simplifies transaction management and helps expand their businesses.

The greater adoption of mobile internet by women, which reached 37% in 2023, reduced the gender gap in usage from 40% to 30%,²⁹ marking a significant step toward financial inclusion and digital payment adoption. With its accessibility, interoperability, and scalability, UPI is well-positioned to reach underserved women, break societal barriers, and encourage financial autonomy. India's robust Digital Public Infrastructure (DPI) provides a strong foundation to empower women at scale, economically and socially.

Case Study 1 - The Cautious Balancer - Unlocking the Next Wave of UPI Adoption³⁰

In India, 200 million women own smartphones, yet only one-third utilise digital financial tools,³¹ highlighting a vast untapped market with significant potential to drive the digital economy. A report by NPCI and World Women Banking, "*UPI for Her: Enabling Digital Payments for Women in India*", surveyed women from lower- and middle-income groups with mobile phones classified them into four categories based on their likelihood of adopting UPI. One such group, 'the cautious balancer', comprises women with low digital financial capability but high motivation to use digital financial services. Despite their enthusiasm, prior negative experiences and ingrained habits make them hesitant to incorporate UPI into their daily transactions. Along with fence-sitters,

²⁸ National Payments Corporation of India (NPCI). (n.d.). *UPI Product Statistics*. <https://www.npci.org.in/what-we-do/upi/product-statistics>

²⁹ GSMA. (2024, May). *The Mobile Gender Gap Report 2024*. https://www.gsma.com/r/wp-content/uploads/2024/05/The-Mobile-Gender-Gap-Report-2024.pdf?utm_source=website&utm_medium=button&utm_campaign=gender-gap-2024.

³⁰ National Payments Corporation of India and Women's World Banking. (2024, August). *Enabling Digital Payments For Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

³¹ National Payments Corporation of India and Women's World Banking. (2024, August). *Enabling Digital Payments for Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report>.

this group represents a largely underserved segment which immense potential for UPI adoption in the near future.

The paper highlights Shalu, a home tutor earning Rs. 10,000 - 15,000 per month with a Bachelor's degree in Science, as an example of a 'cautious balancer'. Shalu uses only one digital payment app and limits her transactions to once a month. She prefers cash, as it provides her with a tangible sense of control over her finances. Shalu views exposing her entire savings account to the digital banking ecosystem as risky, fearing it could undermine her efforts to save for the future.

For women like Shalu, who recognise and appreciate the convenience UPI offers, it is crucial to provide features such as customisable controls, robust fraud detection, and prevention mechanisms. These enhancements can instil the confidence needed for them to adopt digital financial services in their daily lives.

Women's financial inclusion represents a powerful opportunity to strengthen and grow the economy. Since the barriers women face arise from a complex mix of sociological, cultural, technological, and administrative factors, achieving meaningful inclusion demands a holistic and targeted approach. This involves leveraging grassroots initiatives and implementing a 'phygital' model - blending digital service delivery with human interaction - to improve accessibility and effectiveness.

3. Challenges in Advancing Gender-based Financial Inclusion

Despite numerous government schemes and private sector initiatives, women in India continue to face significant barriers to accessing financial services. Collaborative efforts between the Government of India and national banks have led to impactful initiatives, yet key indicators reveal that those have contributed to advancing financial inclusion for women. However, various indicators reveal that the current state of women’s financial inclusion still falls short of the RBI’s envisioned goals.

The challenges can be broadly divided into two categories: The first pertains to accessibility, addressing the initial barriers women encounter when engaging with financial services. The second involves the effective usage of these services, with particular focus on women entrepreneurs who often struggle to leverage financial systems due to persistent hurdles. Together, these issues highlight the complexities in achieving holistic financial inclusion for women.

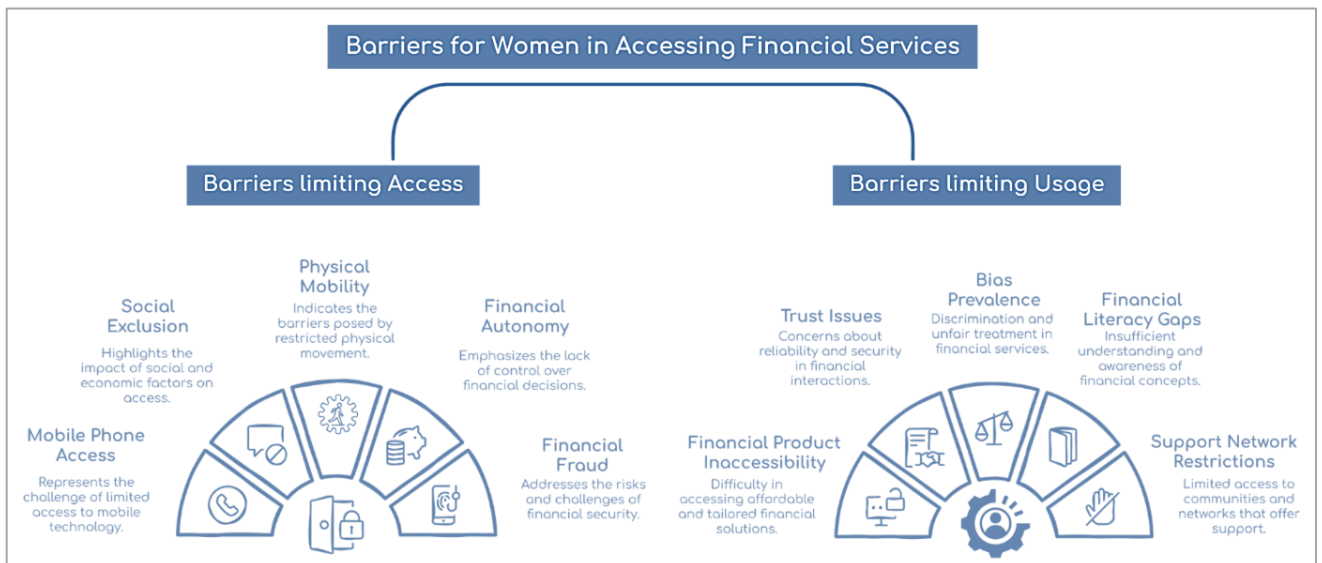


Fig 1: Access for Women to Access Financial Services

3.1. Barriers for Women in Accessing Financial Services

The first step in providing financial services to women is ensuring they have both the physical and technological means to access these services. Moreover, schemes aimed at integrating women into the formal financial system must be designed to be accessible and inclusive, reaching underserved women and bringing them into the formal financial fold. However, many socio-cultural barriers persist, making it especially difficult for women from underprivileged and rural areas to access financial services.

3.1.1 Access to Mobile Phones

Access to mobile phones plays a pivotal role in enabling women to participate in financial services, especially as digital platforms increasingly serve as the medium for financial transactions. However, a study by Dvara Research indicates that women generally have limited access to mobile phones, with many sharing phones with family members or using devices that offer fewer features and lower autonomy compared to men. This is further influenced by socio-cultural norms that restrict women's access to mobile phones, often viewing it as unnecessary or inappropriate for women to have independent access.³² Among women aged 15-49, only 54% own a mobile phone that they can use independently. Of those women who do have mobile phones, 71% report that they are able to read text messages, indicating a level of digital literacy and ability to engage with mobile services. Younger women, particularly those in the 25-29 age group, are more likely to own and independently use mobile phones, with 65% of women in this age range reporting access. In contrast, women aged 15-19 have the lowest rate of independent phone usage at 32%, while 53% of women aged 40-49 have access to phones they can use independently.³³

There is a notable positive correlation between wealth and women's ability to read text messages on the mobile phones they use. Women in the lowest wealth quintile show the lowest proportion of mobile phone ownership and usage, with only 33% owning and using their phones independently. In contrast, women in the highest wealth quintile experience the highest proportion of independent mobile phone usage, with 79% having access to and using their phones autonomously.

This shows that economically marginalised women are more likely to be further excluded from accessing financial services due to the correlation between wealth and autonomous access to mobile phones.

3.1.2 Social and Economic Exclusion

In India, women make up only about 32.8% of the labour workforce, which is considerably lower than the global average of 47%.³⁴ This gap is further exacerbated by the fact that a large portion of women's work is in unorganised sectors.³⁵ Since many women's identities remain unregistered in these informal sectors, unorganised sectors, their identities remain unregistered in these informal sectors, they are excluded from various government benefits and schemes designed to bring women into the formal financial system.

Even when women represent a significant portion of the workforce in a sector, they often lack control over financial decisions or assets within that profession. For example, in the agriculture sector, women make up about 40% of the workforce, but only 9% of them own land.³⁶ This lack of ownership prevents women from accessing credit through traditional financial institutions, which typically require collateral. A similar trend is evident in home-ownership statistics, where 52% of women aged 40-49 own a house,

³² Sonne, L. (2020). What Do We Know About Women's Mobile Phone Access & Use? A review of evidence. *Dvara Research Working Paper Series No. WP-2020-03*. <https://dvararesearch.com/wp-content/uploads/2023/12/What-Do-We-Know-About-Womens-Mobile-Phone-Access-Use-A-review-of-evidence.pdf>.

³³ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

³⁴ Ministry of Labour and Employment. (2023). *Female Labour Utilization in India*. https://dge.gov.in/dge/sites/default/files/2023-05/Female_Labour_Utilization_in_India_April_2023_final_1_-_pages-1-2-merged_1_.pdf.

³⁵ Fletcher, E. K., Pande, R. and Moore, C. T. (2018). Women and Work in India: Descriptive Evidence and a Review of Potential Policies. *India Policy Forum*. <https://www.ncaer.org/wp-content/uploads/2022/09/a3.pdf>.

³⁶ Nayak, P. and Mahanta, B. (2009). Women Empowerment in India. *Munich Personal RePEc Archive*, MPRA Paper No. 24740. https://mpra.ub.uni-muenchen.de/24740/1/MPRA_paper_24740.pdf.

compared to 80% of men in the same age group.³⁷ As a result, women contribute significantly less to India's GDP, accounting for just 17% compared to the global average of 37%.³⁸

3.1.3 Lack of Mobility

Women's ability to access financial services is often physically restricted. In many rural and conservative areas, women's mobility is limited, which in turn limits their access to financial institutions, markets, and financial literacy programs. This makes it difficult for women to independently engage with banks, Self-Help Groups, or other financial services.³⁹ Scholars argue that to mitigate these physical barriers, infrastructure such as well-maintained roads to bank branches, post offices, and other service points must be improved to ensure unhindered access to financial services and products. Additionally, women entrepreneurs should have the means to introduce their products to the market seamlessly.⁴⁰

3.1.4 Lack of Autonomy in Financial Decision-Making

Among married women who earn cash, only 18% independently decide how to use their earnings. In contrast, 67% report making joint decisions with their husbands, while 14% state that their husbands make these decisions alone.⁴¹ This highlights the complexity of measuring women's access to financial services, as many underlying factors affect true inclusion within the formal financial system. While over 51% of women in India have money they can use at their discretion, 79% of women have a bank account they use themselves.⁴² However, fewer women are aware of microcredit (51%), and even fewer (11%), have ever taken a microcredit loan.⁴³

The low proportion of women availing microcredit highlights that familial and social constraints often discourage women from participating in formal finance. Additionally, the lack of proactive effort from financial providers further limits women's access to microfinance services.⁴⁴ In many cases, women are unaware of these services and lack the necessary entrepreneurial acumen and confidence to pursue credit opportunities.⁴⁵

³⁷ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

³⁸ Sundari, S. (2020). Structural Changes and Quality of Women's Labour in India. *The Indian Journal of Labour Economics*, 63, 698-717. <https://link.springer.com/article/10.1007/s41027-020-00245-2>.

³⁹ MicroSave. (2019, November). *The real story of women's financial inclusion in India*. https://www.microsave.net/wp-content/uploads/2020/01/191125_The-real-story-of-womens-financial-inclusion-in-India_Gender-research-report.pdf.

⁴⁰ Tuesta, D., Sorensen, G., Haring, A., and Camara, N. (2015). Financial Inclusion and Its Determinants: The Case of Argentina. *Madrid: Banco Bilbao Vizcaya Argentaria*, Working Paper No. 15/03. <https://www.scirp.org/reference/referencespapers?referenceid=2927807>.

⁴¹ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

⁴² Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

⁴³ Ministry of Health & Welfare. (2022). *National Family Health Survey (NFHS - 5), 2019–21*. <https://dhsprogram.com/pubs/pdf/FR375/FR375.pdf>.

⁴⁴ MicroSave. (2019, November). *The real story of women's financial inclusion in India*. https://www.microsave.net/wp-content/uploads/2020/01/191125_The-real-story-of-womens-financial-inclusion-in-India_Gender-research-report.pdf.

⁴⁵ Budampati, V. S. S. and Reddy, R. (2022). Role Of Microfinance in Rural Development-A Case Study. *Manager-The British Journal of Administrative Management*, 58(155), 104-111. https://www.researchgate.net/publication/378439876_Role_of_Microfinance_in_Rural_Development_-_A_Case_Study.

3.1.5. Financial Frauds: A Barrier to Women's Financial Inclusion

Financial fraud is a major barrier to financial inclusion for women, particularly in contexts where trust in financial systems is already fragile. Women, especially those from marginalised and vulnerable groups, often rely on others for financial advice and transactions, making them more susceptible to financial risks.⁴⁶ The risk of financial fraud is further amplified by the lack of awareness and access to reliable information on how to identify and avoid such fraud. A study has shown that women using digital financial services in South Asia are more vulnerable than men to financial fraud, particularly social engineering scams like SMS and voice phishing.⁴⁷ Due to lower financial literacy, women are more likely to engage in risky financial behaviour compared to men.⁴⁸

The fear of fraud and the resulting mistrust deter women from participating in the formal financial system. To address this, financial institutions and policymakers must prioritise raising awareness about financial fraud through targeted education campaigns and community outreach programs. Additionally, creating accessible grievance redressal mechanisms is essential to ensure that women feel confident in the event of fraud, offering timely support and resolution without unnecessary obstacles.

3.2 Barriers for Women Entrepreneurs in Accessing Financial Services

Women entrepreneurs encounter various obstacles when trying to use financial services. Improving accessibility and delivery of these services is as critical as ensuring basic access. These challenges become even more significant for women entrepreneurs, who rely on affordable financial products at various stages of their business journey. The following points highlight some of the key barriers:

3.2.1 Lack of Affordable and Customised Financial Products

Women entrepreneurs, particularly from underserved and rural areas, face significant challenges in accessing essential financial products and services. Social biases within traditional financial institutions often undermine their creditworthiness.⁴⁹ Many women in these communities lack the necessary collateral or credit history to secure loans from financial institutions.

Additionally, banks often perceive women-led businesses as high-risk ventures, primarily because they operate informally at a micro scale. Despite the similar financial needs of women-led and male-led enterprises, women entrepreneurs receive far less in lending advances—only 6%, compared to their male counterparts.⁵⁰

⁴⁶ Toronto Centre. (2019, November). *Removing the Barriers to Women's Financial Inclusion*.

https://www.torontocentre.org/videos/Barriers_to_Womens_Financial_Inclusion_Updated_Links.pdf

⁴⁷ Chalwe-Mulenga, M., Bin-Humam, Y. and Dulfos, E. (2022, March 8). *Break the Bias: Evidence Shows Digital Finance Risks Hit Women Hardest*. CGAP. <https://www.cgap.org/blog/break-bias-evidence-shows-digital-finance-risks-hit-women-hardest>.

⁴⁸ Chalwe-Mulenga, M., Bin-Humam, Y. and Dulfos, E. (2022, February). *The Evolution of the Nature and Scale of DFS Consumer Risks: A Review of Evidence*. CGAP. <https://www.cgap.org/research/reading-deck/evolution-of-nature-and-scale-of-dfs-consumer-risks-review-of-evidence>.

⁴⁹ LEAD at Krea University. (2021, February). *Women's Entrepreneurship in India: Harnessing the Gender Dividend*. https://www.wage.org/wp-content/uploads/2021/03/5_Womens-Entrepreneurship-in-India.pdf.

⁵⁰ Ramaswamy, A., Asrani, R. and Singh, S. (2015). *Funds for SHE—Study on Efficiency of Bank Loans for Women Entrepreneurs in the MSME Sector in India*. GIZ. <https://www.giz.de/de/downloads/giz2015-en-analysis-loan-products-women-entrepreneurs-india.pdf>.

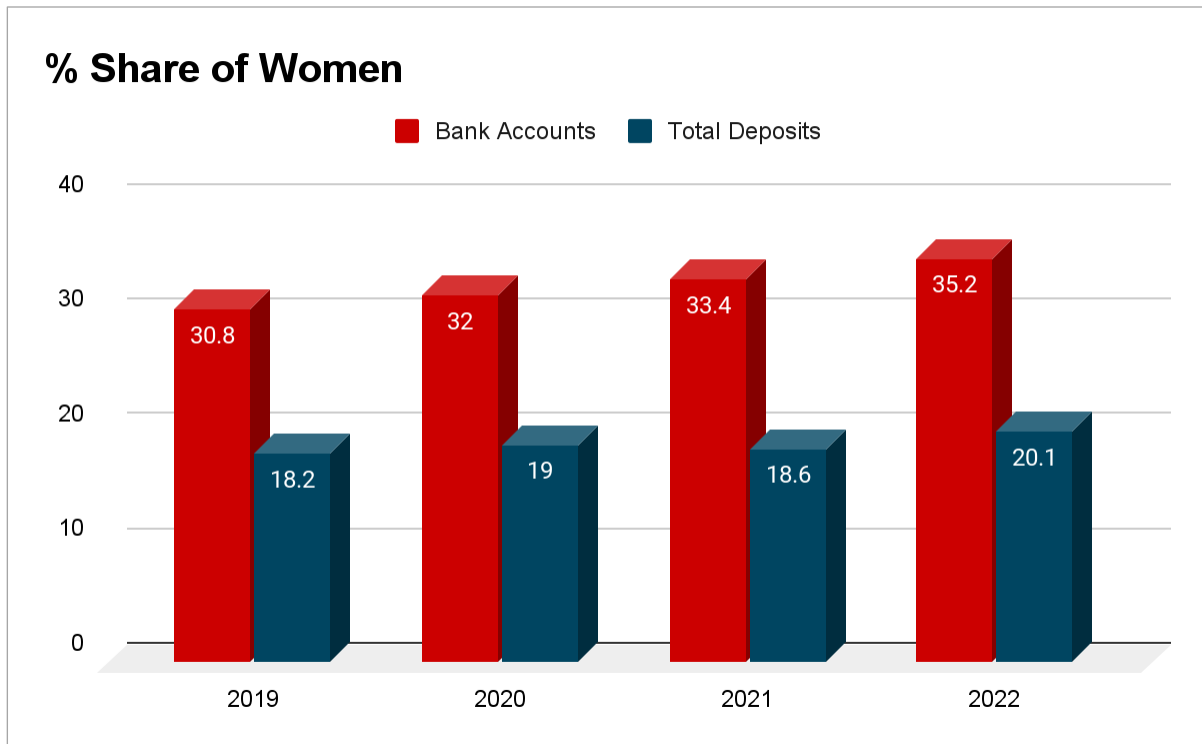


Fig 3. Share of Deposits (Women)⁵¹

The graph above reveals how the percentage share of bank accounts owned by women has steadily increased over the years, but the corresponding share of deposits has remained largely stagnant, indicating that even though access to financial services has improved for women, they have struggled to increase their share of deposits and make full use of financial services and benefits available to them.

A 2015 study by the International Finance Corporation highlighted a significant financial gap for women-owned MSMEs, amounting to Rs. 528.71 trillion - 73% of the total demand.⁵² This underscores the urgent need for affordable, customised, and accessible financial products tailored to women entrepreneurs. Currently, 79% of women entrepreneurs fund their businesses using personal wealth,⁵³ relying heavily on savings, inherited assets, or mortgaged property. Women led micro enterprises⁵⁴ requiring small-ticket, short-tenor loans face difficulties in obtaining credit from traditional financial institutions. Addressing this demand-side issue, fintech companies can play a critical role by enabling digital lending for these businesses through the use of informational collateral.

⁵¹ Ministry of Statistics and Program Implementation. (2023). *Women & Men in India 2023*. https://www.mospi.gov.in/sites/default/files/reports_and_publication/statistical_publication/Women_Men/mw23/Participation_in_economy.pdf.

⁵² International Finance Corporation (2018). *Financial Inclusion for Woman-Owned Micro, Small & Medium Enterprises (MSMEs) in India*. <https://www.ifc.org/content/dam/ifc/doc/mgrt/financial-inclusion-for-women-owned-msmesjuly-31.pdf>.

⁵³ LEAD at Krea University. (2021, February). *Women's Entrepreneurship in India: Harnessing the Gender Dividend*. https://iwage.org/wp-content/uploads/2021/03/5_Womens-Entrepreneurship-in-India.pdf.

⁵⁴ Kumar, S., (2022). Financial Inclusion of Women: Current Evidence from India, *Observer Research Foundation*. <https://www.orfonline.org/public/uploads/posts/pdf/20230817225741.pdf>.

3.2.2 Prevalence of Biases

Factors such as their small scale, lack of documentation, and insufficient collateral frequently result in loan rejections or the imposition of higher interest rates.⁵⁵ A 2019 study revealed that women are 63% less likely than men to secure external financing.⁵⁶ This disparity is partly attributed to the lack of gender diversity in financial institutions and the tendency to handle loan applications from women differently. In India's scheduled commercial banks, only 17% of employees are women, which not only increases the likelihood of bias but also discourages women from approaching these institutions due to fears of exclusion.⁵⁷

Banking institutions also show variation in lending to women-led businesses, even when they have progressive gender policies and initiatives. This inconsistency often stems from the limited documentation of these businesses, leading banks to fear that many women-led ventures are, in fact, male-run businesses simply registered in a woman's name to gain access to benefits from women-focused entrepreneurial schemes.⁵⁸ Lending to women-led businesses presents challenges for financial institutions due to the high cost of servicing these loans, particularly in relation to their typically smaller ticket sizes. As a result, loans to male-led businesses are comparatively less expensive to process.

3.2.3. Building Trust and Confidence in Financial Products and Services

A significant barrier for women entrepreneurs in accessing financial services is the widespread lack of trust in financial products.⁵⁹ Building trust, particularly among women from lower to middle-income backgrounds, has been challenging in economies like India. This mistrust stems from various factors, including past experiences with predatory lending practices, perceived gender bias, a lack of personalised financial products, and instances of digital fraud. The absence of customer-centric and women-focused services has further fuelled this distrust. To overcome social and economic biases, improving the quality of financial services is essential for building trust and satisfaction among women.⁶⁰

Lack of familiarity with digital tools, and limited financial literacy have increased hesitancy among women to use digital financial products. For example, many women in rural India fear that using digital payment methods will result in money being deducted from their bank accounts without proper tracking.⁶¹ This mistrust not only limits women's access to financial services but also hinders their ability to scale their businesses. To address this trust deficit and ensure effective utilisation of financial services, financial

⁵⁵ International Finance Corporation (2024). *Banking on Women Who Trade Across Borders*. <https://www.ifc.org/content/dam/ifc/doc/2024/banking-on-women-who-trade-across-borders.pdf>

⁵⁶ Guzman, J and Kacperczyk, A. (2019). Gender gap in entrepreneurship. *Research Policy*, 48(7), 1666-1680. <https://www.sciencedirect.com/science/article/pii/S0048733319300757>.

⁵⁷ Singh, A. and Pareek, A. (n.d.). Poor Access to Finance for Women-owned Businesses in India: The Role of Financial Institutions. *SME Finance Forum*. <https://www.smefinanceforum.org/post/poor-access-to-finance-for-women-owned-businesses-in-india-the-role-of-financial-institutions#:~:text=To%20enhance%20access%20to%20finance%20to%20women%20owned%20businesses%2C%20the%20accessible%20to%20women%20entrepreneurs>.

⁵⁸ LEAD at Krea University. (2021, February). *Women's Entrepreneurship in India: Harnessing the Gender Dividend*. https://iw wage.org/wp-content/uploads/2021/03/5_Womens-Entrepreneurship-in-India.pdf.

⁵⁹ Nyshadham, A., Gor, S., Nair, D. and Coppel, E. (2022, December 2). *Access, Understanding and Trust: Breaking down the barriers to women's participation in India's digital finance revolution*. NextBillion. <https://nextbillion.net/access-understanding-trust-barriers-to-womens-participation-india-digital-finance/>

⁶⁰ Binsuwadan, J., Elhaj, M., Bousrih, J., Mabrouk, F. and Atofaysan, H. (2024). The Relationship between Financial Inclusion and Women's Financial Worries: Evidence from Saudi Arabia. *Sustainability*, 16(19), 8317. <https://doi.org/10.3390/su16198317>.

⁶¹ National Payments Corporation of India and Women's World Banking. (2024, August). *Enabling Digital Payments For Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

institutions should focus on targeted interventions, such as education, user-friendly platforms, fraud detection and prevention features and clear communication.⁶²

3.2.4 Lack of Awareness and Education

Low literacy levels among women, particularly in rural areas, combined with various socio-economic barriers, hinder women's ability to effectively participate in the labour market and access financial services.⁶³ Data from 2019 shows that India ranks among the bottom ten countries for female labour force participation, at just 23.3%.⁶⁴

This low literacy level and limited labour market participation indicate that women in rural and remote areas often lack access to entrepreneurial training, skill development, and on-the-job training opportunities. Additionally, the limited access to mobile phones among women further restricts their ability to learn digital financial skills. As a result, women are often unable to create disruptive products, with their business ventures remaining confined to sectors that require minimal technical expertise or offer limited growth potential. While various central and state-level initiatives have aimed to address these challenges through skill workshops and training programs, they often reinforce gender stereotypes by focussing on businesses traditionally seen as "women-led," such as beauty, wellness and handicrafts. These policy initiatives, instead of promoting skill-based business opportunities, often restrict women to professions defined by gender norms rather than their talents and capabilities.⁶⁵

3.2.5 Restricted Access to Empowering Networks and Social Support Groups

Women's access to professional networks is significantly hindered by various socio-cultural barriers, especially for women in rural and marginalised areas. Cultural and familial norms often restrict their ability to freely access resources and social networks that are crucial for business growth. The lack of other female entrepreneurs to engage with in a social context further limits women's opportunities to connect with markets and gain valuable knowledge. Research has shown that women entrepreneurs tend to be more isolated than their men counterparts. They often prefer to connect with other female business owners, as opposed to exploring broader market linkages. Social barriers and norms also make women hesitant to network with male business owners, further restricting their access to markets and essential resources.⁶⁶

Studies have highlighted the importance of networks, revealing that women who participate in training alongside a friend are more likely to secure business loans, demonstrate greater business activity, and achieve higher incomes. Strengthening these network effects could help narrow the gender gap in entrepreneurship by boosting women's confidence, providing social support, and potentially challenging restrictive norms that limit their participation in business.⁶⁷

⁶² Social & Political Research Foundation. (2021, September). *Women's Financial Inclusion in Digital India: Need for Gender Thrust*. https://sprf.in/wp-content/uploads/2021/09/SPRF-2021_IB_Gender-and-Financial-Inclusion.pdf.

⁶³ Narain, S. (2009), Analytical Paper on Gender and Access to Finance. *World Bank*. <http://siteresources.worldbank.org/EXTGENDERSTATS/Resources/SushmaNarain-AccessstoFinanceAnalyticalPaper.doc>.

⁶⁴ National Statistical Office. (2020, June). *Periodic Labour Force Survey (PLFS)*. https://www.mospi.gov.in/sites/default/files/publication_reports/Annual_Report_PLFS_2018_19_HL.pdf.

⁶⁵ LEAD at Krea University. (2021, February). *Women's Entrepreneurship in India: Harnessing the Gender Dividend*. https://www.wage.org/wp-content/uploads/2021/03/5_Womens-Entrepreneurship-in-India.pdf.

⁶⁶ Ghani, E., Kerr, W. R. and O'Connell S. D. (2013). Local Industrial Structures and Female Entrepreneurship in India. *Journal of Economic Geography*, 13(16), 929-964. <https://doi.org/10.1093/jeg/lbt004>.

⁶⁷ Shetty, N. and Bai, J. (2018, March). *Exploring Barriers to Scale For Women Entrepreneurs in India*. <https://www.hks.harvard.edu/sites/default/files/degree%20programs/MPAID/files/Shetty.%20Niriksha%20SYPA.pdf>.

4. Key Recommendations to Promote Financial Access for Women Entrepreneurs

The empowerment of women-led MSMEs largely depends on the implementation of inclusive financial strategies. This chapter outlines several key recommendations aimed at enhancing financial inclusion for women, starting with improving access, followed by advancements in usage and delivery.

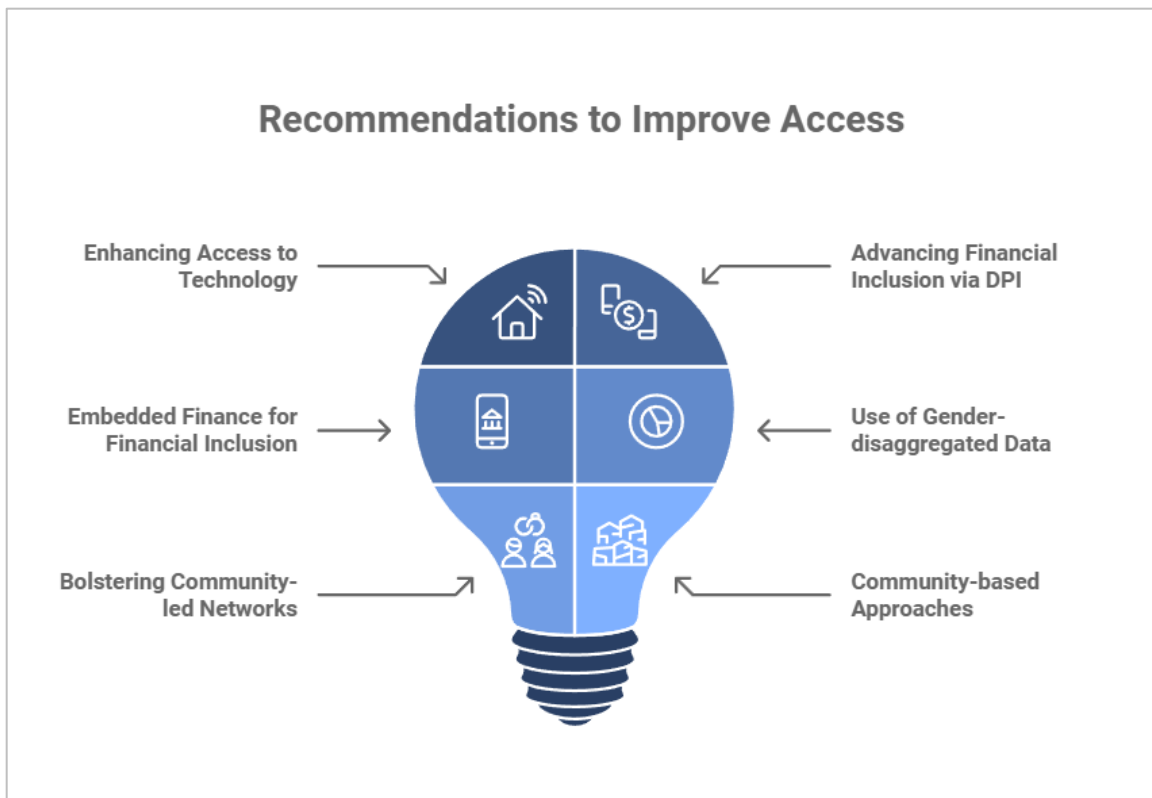


Fig 4: Recommendations to Improve Access

4.1 Enhancing Access to Financial Services for Women

Expanding access to financial services for women is essential for fostering sustainable economies. Increasing financial access will help bridge the existing gender divide and promote more inclusive growth. The following are key recommendations aimed at improving women’s access to financial services:

4.1.1. Enhancing Access to Technology

Improving access to technology for women presents a significant opportunity to expand their financial, social, and economic prospects. With greater access to technology, women are empowered to engage in the digital economy, building their financial independence. In India, the adoption of digital financial infrastructure has been greatly facilitated by platforms like UPI, and the Jan-Adhaar-Mobile (JAM) Trinity has transformed the digital banking landscape. To drive greater digital banking adoption among women,

these existing models can be tailored with a gender-inclusive approach. **Re-aligning UPI and the JAM Trinity specifically cater to women, particularly in rural and underserved areas, can help close the financial inclusion gap.**⁶⁸ By leveraging the on-ground networks of Bank Sakhi and Self-Help Groups and creating products designed for women, financial inclusion can be significantly enhanced.

On-ground networks can be leveraged to create **phygital onboarding channels** (a blend of physical and digital support) to assist women during their initial adoption of UPI or digital payments. Research has indicated that providing hands-on support during the first few transactions could prove to be an effective strategy in helping women feel secure and confident in transacting digitally. Women who complete more than five transactions in their first week of adoption are significantly more likely to become consistent users in the long term compared to those who conduct fewer transactions.⁶⁹ Phygital onboarding must be leveraged to encourage consistent usage of digital payments and UPI among women and contribute towards their financial inclusion.

Case Study 2 - Using Technology for Capacity Building of Existing Network

The integration of technology-based solutions, such as web-based and mobile app-based platforms, to streamline the selection, onboarding, and management of Bank Sakhis has significantly expanded their reach across villages in Uttar Pradesh. The Uttar Pradesh Government partnered with technology service providers (TSPs) and technical assistance firms like MicroSave Consulting (MSC) to implement these solutions. The initiative focussed on 3 key areas:

1. Selection and onboarding of Bank Sakhis
2. Grievance redressal for Bank Sakhis
3. Monitoring and performance evaluation of Bank Sakhis.

These technological interventions have enabled financial access for 42 million rural residents across 23,866 Gram Panchayats in Uttar Pradesh. As of March 2022, the 23,866 active Bank Sakhis facilitated approximately 2.3 million transactions, resulting in a financial flow of around INR 5.2 billion.⁷⁰

Initiatives like “One Gram Panchayat, One Business Correspondent (BC) Sakhi” play a pivotal role in empowering women in rural India. By offering increased convenience and fostering familiarity with banking services, such initiatives provide a pathway to financial independence for women. These programs not only enhance women’s economic participation but also contribute to their social mobility. Technological interventions can effectively bridge the existing gender gap in financial inclusion, particularly in regions where women are often excluded from mainstream banking systems and financial inclusion programs.

4.1.2 Leveraging Digital Financial Infrastructure to Improve Financial Inclusion

To unlock the full potential of digital financial infrastructure and enhance financial access for women, adopting a gender-intelligent digital banking approach is crucial. Ensuring equal access to digital

⁶⁸ National Payments Corporation of India and Women’s World Banking. (2024, August). *Enabling Digital Payments For Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

⁶⁹ National Payments Corporation of India and Women’s World Banking. (2024, August). *UPI for Her: Enabling Digital Payments For Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

⁷⁰ MicroSave. (2022, April). *Role of technology in scaling up the BC Sakhi network in Uttar Pradesh: A lesson for other states*. https://www.microsave.net/wp-content/uploads/2022/04/Case-Study_Role-of-technology-in-scaling-up-BC-Sakhi-network-in-UP.pdf.

financial infrastructure across all sectors, particularly for women, is essential for boosting women's financial inclusion.⁷¹

Adopting a gender-intentional approach to expand outreach and simplify processes within digital financial infrastructure can significantly accelerate financial inclusion for women. Understanding women's current digital financial capabilities and their motivations for engaging in banking transactions is crucial for developing tailored solutions that encourage greater adoption of digital financial services.⁷²

Expanding adoption of digital financial services can stabilise income in rural areas and boost sales in the informal sector. According to a study, increased adoption of digital financial services could raise India's GDP per capita by 3 to 4 percentage points.⁷³ Ensuring access to this digital financial infrastructure as a public good will integrate the population into the formal financial system.⁷⁴ A holistic approach that focuses on users, prioritises sustainability, and promotes financial literacy can maximise the reach of the digital financial ecosystem and foster a digitally responsible society.⁷⁵

4.1.3. Leveraging Embedded Finance for Financial Inclusion

Embedding financial services within financial and non-financial platforms has proven to be a transformative approach to increasing the adoption of digital credit and payments. A diverse product proposition, closely tied to high market penetration, has enabled companies to broaden their reach. Many e-commerce platforms have expanded beyond traditional retail by developing in-house lending and payment solutions, creating all-encompassing ecosystems for their customers.⁷⁶ By leveraging digital technologies and integrating them into the existing ecosystems, these platforms have driven financial inclusion at scale, extending access to credit across various sectors. Embedded finance has enabled India's unbanked population to access basic banking services via mobile numbers, bypassing the need for traditional bank accounts.

For MSMEs, embedded finance eliminates cumbersome credit application processes by using technology,⁷⁷ making it significantly easier for women-led businesses to access working capital. Additionally, the widespread penetration of mobile technology provides an opportunity for financial and non-financial apps to deliver localised digital payment solutions, facilitating transactions for small and micro retailers.

4.1.4. Using Gender-disaggregated data to Design Financial Products for Women

Marginalised women experience intersectional inequalities further limiting their inclusion in the formal financial system. Addressing these challenges requires implementing gender-specific policies to tackle

⁷¹ Khera, P. (2023). CHAPTER 7 Digital Financial Services and Inclusion. In *India's Financial System*. USA: International Monetary Fund. <https://www.elibrary.imf.org/display/book/9798400223525/CH007.xml>.

⁷² National Payments Corporation of India and Women's World Banking. (2024, August). *Enabling Digital Payments For Women In India*. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

⁷³ Khera, P., Ng, Y S. Ogawa, S. and Sahay, R. (2021). Is Digital Financial Inclusion Unlocking Growth?. *International Monetary Fund*, Working Paper 21/167. <https://www.imf.org/-/media/Files/Publications/WP/2021/English/wpica2021167-print.pdf.ashx>.

⁷⁴ D'Silva, D., Filkova, Z., Packer, F. and Tiwari, S. (2019). The design of digital financial infrastructure: lessons from India. *Bank for International Settlements*, BIS Papers No 106. <https://www.bis.org/publ/bppdf/bispap106.pdf>.

⁷⁵ Hadda, K. and Mukherjee, A. (2024, October 21). *How digital public infrastructure can support financial inclusion*. Atlantic Council. <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/how-digital-public-infrastructure-can-support-financial-inclusion/>.

⁷⁶ World Bank. (2020, December). *Embedding Digital Finance in e-Commerce Platforms during the COVID-19 Pandemic*. <https://documents1.worldbank.org/curated/en/819411608643348469/pdf/Embedding-Digital-Finance-in-e-Commerce-Platforms-during-the-COVID-19-Pandemic.pdf>.

⁷⁷ Ozili, Peterson K. (2024). Role of embedded finance in increasing financial inclusion. *Munich Personal RePEc Archive*, MPRA Paper No. 120155. https://mpra.ub.uni-muenchen.de/120155/1/MPRA_paper_120155.pdf.

root causes and foster gender-responsive economic development, ultimately promoting holistic outcomes such as gender equality.⁷⁸

Owing to their gender-identity and socio-cultural expectations, women face a unique set of challenges in realising financial inclusion. Cross-cutting intersectional identities such as caste, class, religion, and marital status further exacerbate inequalities, resulting in many financial products and services being inaccessible to them. Collecting and analysing gender-disaggregated data enables policymakers to address the root causes of financial exclusion, and tailor solutions relevant to their needs.⁷⁹ Countries like Rwanda, Chile, Brazil, Ghana and Mexico⁸⁰ have incorporated such data into their financial inclusion strategies. It is essential to leverage this data to shape policy fosters socially-oriented approaches that promote financial inclusion,⁸¹ particularly for women facing social and cultural barriers that restrict access.

In this light, financial service providers could gain by building scalable capacities in collecting gender-disaggregated data and insights and gain a business edge. Disaggregated data, revealing indicators specific to a gender, or intersectional identity, can help service providers curate personalised onboarding journeys, credit products and UI/UX enhancements to make financial products more accessible for women at the fringes of the economy.⁸²

4.1.5. Leveraging Existing on-ground network for greater outreach

Bank Sakhis & Bank Mitras have played a pivotal role in advancing financial inclusion over the years. These models operate as Business Correspondent or Business Facilitators, enabling banks to partner with third-party service providers to deliver banking and financial services to financially excluded populations. Both Bank Sakhis and Bank Mitras have significantly contributed to business and social mobilisation, particularly among unprivileged communities, bridging gaps in access to financial services and empowering individuals to participate in the formal financial ecosystem.⁸³

According to a World Bank report, appointing SHG members as banking agents, such as Bank Sakhis or Bank Mitras, is an innovative and sustainable strategy for promoting financial inclusion among women.⁸⁴ This approach effectively reaches the most underprivileged populations in remote rural areas.

In this model, Bank Sakhis gain a stable source of income, while banks benefit from the secure profiles of community members facilitated by these agents. Community-led, women-centric strategies have consistently proven effective in advancing financial inclusion. By institutionally appointing SHG members

⁷⁸ Sarfaraz, L., Faghih, N. and Majd, A. A. (2014). The relationship between women entrepreneurship and gender equality. *Journal of Global Entrepreneurship Research*, 4(6), 1-11. <https://link.springer.com/article/10.1186/2251-7316-2-6>

⁷⁹ TalentNomics India. (2021, December). Universe to Everse: Start the Ripple Conference Report. https://www.india.talentnomics.org/_files/ugd/30c011_f16956262d934c54a17eff186cd4bbd2.p

⁸⁰ Findev Gateway. (2024, March 24). Why Does Gender-Disaggregated Data Matter For Reaching Financial Equality? <https://www.findevgateway.org/finequity/blog/2024/03/why-does-gender-disaggregated-data-matter-for-reaching-financial-equality>.

⁸¹ Harita, M. and Chitra Rekha, Y. (2023). Women Empowerment With Financial Inclusion: A Comprehensive Research Paper. *International Journal of Education, Modern Management, Applied Science & Social Science*, 5(2), 39-34. <https://www.inspirajournals.com/uploads/Issues/1102645228.pdf>.

⁸² National Payments Corporation of India and Women's World Banking. (2024, August). UPI for Her: Enabling Digital Payments For Women In India. <https://www.womensworldbanking.org/wp-content/uploads/2024/09/Enabling-Digital-Payments-For-Women-In-India-Report.pdf>.

⁸³ NABARD. (2019). *Comparative Study of effectiveness of Bank Mitras vis-a-vis Bank Sakhis towards achieving financial inclusion goals in Unnao district*. <https://www.nbisc.in/MediaGallery/Comparative%20Study%20of%20Effectiveness%20of%20Bank%20Mitras%20vis-a-vis%20Bank%20Sakhis%20towards%20achieving%20financial%20inclusion.pdf>.

⁸⁴ World Bank. (2020, March). *Self-Help Group Members as Banking Agents for Deepening Financial Inclusion*. <https://documents1.worldbank.org/curated/en/662851590658776125/pdf/Self-Help-Group-Members-as-Banking-Agents-for-Deepening-Financial-Inclusion.pdf>.

as Bank Sakhis, this model operationalises a community-based approach to lending, fostering trust, and empowering women in underserved regions.

Strengthening and expanding these models is essential for enhancing the reach and impact of financial inclusion efforts. These models play a key role in the SHG-Bank linkage system by providing the necessary support for SHGs to access credit and other financial services, including assistance with documentation, transaction filing, and financial literacy.⁸⁵ These initiatives have significantly transformed societal attitudes toward the roles of rural women, as they not only improve financial literacy within communities but also advance gender equality.⁸⁶ Empowering these models is crucial for accelerating the growth of local economies, as they provide a cost-effective and sustainable means of delivering financial services to underserved communities.⁸⁷

Building on the success of the Bank Sakhi and Bank Mitra models, a similar approach can be employed to deliver a broader range of financial products, including loans, insurance, pensions, and savings options like recurring deposits (RD), fixed deposits (FD), and mutual funds. Expanding these models to offer diverse financial services will further deepen financial access and create more comprehensive opportunities for underserved communities, fostering economic resilience and empowerment.⁸⁸

4.1.6. Community-based Approaches to Advance Financial Inclusion

The role of communities, including SHGs and other on-ground networks, is critical in fostering women's financial inclusion. Strengthening community-led approaches can effectively advance financial inclusion goals and deliver holistic outcomes. Due to socio-cultural barriers, many women struggle to utilise the existing digital financial infrastructure. As discussed earlier, *phygital* onboarding channels can boost the initial adoption of digital payment systems like UPI, especially when implemented through local community networks. Incentivising the formation of these networks can provide underserved women with mentorship and guidance from trusted, experienced community figures. Close-knit women's communities play a vital role in promoting the adoption of digital financial products, building trust-based environments, and empowering women to mentor others within their networks. To amplify these network effects, targeted initiatives must empower local communities and encourage community-led efforts for women's financial inclusion.

For example, Kudumbashree, a poverty eradication program for women implemented by the Government of Kerala, established a three-tier structure comprising Neighborhood Groups (NHGs), Area Development Societies (ADS), and Community Development Societies (CDS).⁸⁹ The Kudumbashree community networks have driven economic and social empowerment through initiatives such as financial literacy programs, opening bank accounts, and microfinancing. These community-led efforts are crucial in creating network effects that reach unbanked and underbanked women. By building strong, comprehensive networks, these initiatives empower women both within the community and beyond.

Another example is bKash, a financial services platform in Bangladesh, which emerged from a collaboration between an American investment company and a Bangladeshi commercial bank focused on serving small and medium businesses. bKash delivers financial services through basic mobile phones

⁸⁵ DAY – NRLM. (2017). *A Handbook on SHG - Bank Linkage*. <https://daynrmlbl.aajeevika.gov.in/Circulars/Handbook%20on%20SHG.pdf>.

⁸⁶ Pandhare, A., Bellampalli, P. N. and Yadava, N. (2024). Transforming rural women's lives in India: the impact of microfinance and entrepreneurship on empowerment in Self-Help Groups. *Journal of Innovation and Entrepreneurship*, 13(62). <https://innovation-entrepreneurship.springeropen.com/articles/10.1186/s13731-024-00419-y>.

⁸⁷ NABARD. (2019). *Comparative Study of effectiveness of Bank Mitras vis-a-vis Bank Sakhis towards achieving financial inclusion goals in Unnao district*. <https://www.nbsc.in/MediaGallery/Comparative%20Study%20of%20Effectiveness%20of%20Bank%20Mitras%20vis-a-vis%20Bank%20Sakhis%20towards%20achieving%20financial%20inclusion.pdf>.

⁸⁸ World Bank. (2020). *Self-Help Group Members as Banking Agents for Deepening Financial Inclusion*. <https://documents1.worldbank.org/curated/en/662851590658776125/pdf/Self-Help-Group-Members-as-Banking-Agents-for-Deepening-Financial-Inclusion.pdf>.

⁸⁹ Kudumbashree. (n.d). What is Kudumbashree. <https://www.kudumbashree.org/pages/171>.

and has established a robust agent distribution network to educate underserved populations about the benefits of digital financial services.⁹⁰

Building on the success of SHGBLS, a similar community-driven, collaborative approach can be adopted to deliver financial services, resources, and assistance beyond the traditional scope of SHGs. For example, such models could facilitate access to insurance products, support the adoption of digital payments, and provide mentorship programs tailored for women entrepreneurs in sectors beyond traditional microenterprises. This approach would deepen financial access and create broader opportunities for underserved communities.⁹¹

4.2 Improving Usage of Financial Products and Services by Women Entrepreneurs

Enhancing access to financial services for women is only one part of addressing the barriers faced by women entrepreneurs. Ensuring the optimal utilisation of these financial products is equally critical to fostering efficient and consistent business growth. Women entrepreneurs often require guidance and tailored incentives to fully engage with these services. Below are key recommendations for improving the usage of financial products and services by women:



Fig 5: Recommendations to Improve Usage

4.2.1. Bolstering Credit Lending Through Self-Help Groups (SHGs)

Developing sustainable credit lines for women-led enterprises is vital to ensuring a steady and reliable flow of finance throughout various stages of the business lifecycle. In India, Self-Help Groups (SHGs) play

⁹⁰ World Bank. (2016). *bKash*, IFC Inclusive Business Case Study <https://documents1.worldbank.org/curated/en/560181506580665929/pdf/119870-BRI-PUBLIC-bKash-Builtforchangereport.pdf>

⁹¹ World Bank. (2020). Self-Help Group Members as Banking Agents for Deepening Financial Inclusion. <https://documents1.worldbank.org/curated/en/662851590658776125/pdf/Self-Help-Group-Members-as-Banking-Agents-for-Deepening-Financial-Inclusion.pdf>.

a significant role in supporting unprivileged and marginalised sections of society, particularly women. By adhering to democratic principles of mutual trust and support, SHGs have become a powerful vehicle for empowering women. They mobilise members' savings to create a collective fund corpus, serving as a foundation for addressing the financial needs of their members. SHGs can provide credit lines to women by linking with Microfinance Institutions (MFIs), banks, and fintech companies. This approach ensures the sustainable delivery of finance to the poor and marginalised. A recent study highlights that SHGs-Bank linkages have increased household incomes by 19% and savings by 28%.⁹² Enhanced integration with banks has enabled SHGs to access continuous credit at affordable interest rates.

Case Study - 3: Denlang SHG⁹³

The Denlang SHG, established in 2014 in H Makhao village, Manipur, exemplifies how SHGs empower rural women through community-led engagement. These groups provide skills, resources, credit, and opportunities, enabling women to achieve financial inclusion and independence.

Starting with a zero balance in 2014, Denlang SHG grew its corpus fund to over ₹2.50 lakh by 2021. This fund is utilised to offer revolving credit to its members at an interest rate of just 2% per annum. The revolving credit supports members in launching small businesses and serves as a safety net during emergencies.

One notable success story is that of Mrs. Nengneivah, a Denlang SHG member. In 2015, she availed a Rs. 4,000 loan from the SHG's corpus fund to start a small poultry business. She was able to avail a small ticket loan of Rs. 4000 to start a small poultry business. Faced with the challenge of her husband's lack of permanent employment, this venture was crucial for supporting their family. Over time, the poultry business flourished, and the couple expanded their efforts into pig farming, breeding multiple pigs for profitable sales.

This case highlights the effectiveness of SHG-driven community-based financing in meeting the small-ticket credit needs of grassroots women entrepreneurs. Traditional banks or microfinance institutions would have likely denied Mrs. Nengneivah the same loan due to her lack of collateral or the high interest rates typically associated with such loans. As the majority of microenterprises in India are women-led, SHG-enabled community lending models are particularly well-suited to address the unique needs of women entrepreneurs seeking to grow their microenterprises.

The deployment of microfinance should be community-based, empowering, and accessible to effectively break barriers and reach underserved populations. In India, SHGs have played a transformative role in empowering women at society's margins. By equipping women with financial knowledge, social support, confidence and collective bargaining power, SHGs enable them to participate in financial decision-making and develop entrepreneurial awareness. Research indicates that microfinancing through SHGs has significantly impacted women's economic empowerment, improving their livelihoods and resilience during economic downturns.

Case Study- 4: SHG-Bank Linkage Scheme

The SHG-Bank Linkage Scheme (SHGBLS) by NABARD is an exemplary initiative that demonstrates how community engagement can empower women with access to credit while enhancing their social and economic leverage.⁹⁴ The program enables NGOs, acting as Self-Help Group Promoting Institutions (SHPIs), to assist SHGs in establishing linkages with banks for credit access. The scope of SHPIs has expanded to include individual volunteers, rural financial institutions, and SHG federations, further enhancing the capabilities and lending power of SHGs. By providing

⁹² Press Information Bureau. (2023, December 13). *Outcome of SHG Bank Linkage Project* [Press release]. <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1985779>.

⁹³ Press Information Bureau. (2021, December 29). *Success Story of Women Self Help Group (SHG) under the Ministry of Development of North Eastern Region* [Press release]. <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1786015>.

⁹⁴NABARD. (n.d.). *Microcredit Innovation*. <https://www.nabard.org/contentsearch.aspx?AID=225&Key=shg+bank+linkage+programme>.

social support, informational assistance, leadership training, and credit, SHGs help women start businesses, gain financial independence, and tap into the benefits of the digital economy.

The National Rural Livelihood Mission (NRLM) has been instrumental in advancing the objectives of the SHGBLS. It has played a key role in establishing SHGs and facilitating their access to financial institutions. Renamed Deendayal Antyodaya Yojana (DAY NRLM) in 2016, the program has successfully formed over 90.39 lakh SHGs, benefitting more than 9.98 crore women households as of January 2024.⁹⁵ Since 2013, SHGs have raised approximately INR 2,870 billions in loans from financial institutions. The significant shift in the DAY NRLM's functional model from the Swarnajayanti Grameen Swarojgar Yojana (SGSY) was its lending model. While SGSY focussed on providing capital subsidies to individuals and groups, DAY NRLM promotes the formation of SHGs and enhances their credit lending capacity. Under the DAY NRLM, SHGs are supported with grants from NGOs and organisations like the International Developmental Association (IDA).⁹⁶

It is important to note that the penetration of the SHG-based model has not yet fully realised in India. Several challenges hinder the effective implementation of the SHG-bank linkage program. Key issues include the lack of financial awareness among SHG members and the cumbersome credit approval processes. Other obstacles include the use of SHG savings as collateral, mandatory insurance purchases, partial loan disbursements, unclear repayment schedules, penal interest charges, and the complication of adjusting SHG accounts with dues or family member debts.⁹⁷ A study has highlighted that the cost of borrowing from banks is around 15%, significantly lower than the cost of borrowing from microfinance institutions (MFIs), which stands at 24%. In contrast, the cost of borrowing through group lending from SHGs is as low as 2-4%, demonstrating that borrowing from SHGs is a far more affordable option for underserved populations in need of credit.⁹⁸

The challenges in the current SHG-Bank Linkage model highlight the need for an efficient monitoring mechanism to ensure the timely and transparent disbursement of funds from banks to SHGs,⁹⁹ which would encourage more active participation in the program. Furthermore, integrating digital solutions into the existing SHGs-Bank Linkage model can help streamline the onboarding process, enhance intra-group lending, and simplify the loan disbursement process, making it more efficient and accessible for underserved communities.¹⁰⁰

4.2.2. Using Unique Metrics to Assess the Success of Women-Led Businesses

Given women's unique journeys, motivations, and challenges in achieving financial awareness and independence, the metrics for measuring the success of women-led businesses must consider non-economic outcomes and realities. A narrow focus on purely economic indicators risks overlooking other critical factors that reflect the true performance and impact of women-led enterprises.¹⁰¹ A flawed understanding of success can mislead financial service providers into labeling certain women-led

⁹⁵ Press Information Bureau. (2024, February 7). *Rural Development Schemes through Self-Help Groups* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=2003572>.

⁹⁶ World Bank. (2020, March). *SHG-Bank Linkage: A Success Story*. <https://documents1.worldbank.org/curated/en/486171590655967465/pdf/SHG-Bank-Linkage-A-Success-Story.pdf>.

⁹⁷ DAY – NRLM. (2017). *A Handbook on SHG - Bank Linkage*. <https://daynrlmbl.aajeevika.gov.in/Circulars/Handbook%20on%20SHG.pdf>.

⁹⁸ Rajeev, M., Vaani, B.P. and Veerashekarappa. (2020). Group lending through an SHG bank-linkage programme in India: transaction costs and social benefits. *Development in Practice*, 30(2), 168-181. <https://www.tandfonline.com/doi/epub/10.1080/09614524.2018.1508418>.

⁹⁹ DAY – NRLM. (2017). *A Handbook on SHG - Bank Linkage*. <https://daynrlmbl.aajeevika.gov.in/Circulars/Handbook%20on%20SHG.pdf>.

¹⁰⁰ RBIH. (2024). *Digital Innovation for SHGs: An RBIH Initiative for the Last Mile*. <https://rbihub.in/wp-content/uploads/2024/04/SHG-Report.pdf>.

¹⁰¹ Carranza E., Dhakal C., Love I.. (2018). Female Entrepreneurs: How and Why are they Different? *World Bank*, 10. <https://documents1.worldbank.org/curated/zh/400121542883319809/pdf/Female-Entrepreneurs-How-and-Why-are-They-Different.pdf>

businesses as failures, leading to inadequate credit delivery and financing, which hampers their growth.¹⁰²

For women, non-economic outcomes often play a more significant role than they do for men and serve as key motivators to scale businesses. Currently, more research is needed to understand the interaction between economic and non-economic outcomes in assessing women-led businesses. Studies, however, highlight that non-economic factors, such as major life events, disproportionately impact women. For instance, a report by RBIH and Salt shows that around 87% of women in Tier 2 and Tier 3 cities (Middle India) relocate due to marriage, whereas men primarily migrate for employment opportunities.¹⁰³ This often forces women to rebuild their social networks from scratch, disrupting their entrepreneurial progress. Such challenges make women's entrepreneurial journeys distinctly different from men's, as major outcomes and influencing factors impact them in unique ways.¹⁰⁴

Policymakers and financial service providers must recognise this and build the capacity to understand how non-economic factors influence the success of women-led businesses. Adopting such an approach can lead to a more holistic understanding of success for women-led enterprises and help develop inclusive metrics that account for the unique journeys of women entrepreneurs.

4.2.3. Encouraging Female Entrepreneurship in Smaller Cities

Government initiatives like 'smart city' projects, cooperative federalism, and improved connectivity in Tier 2 and Tier 3 cities have become important economic hubs. These cities are playing a crucial role in India's startup ecosystem and are vital to achieving the country's vision of a \$5 trillion USD economy.¹⁰⁵ As many Tier 2 cities are set to become Tier 1, women entrepreneurs could play a key role in this transformation.

Entrepreneurial development for women is crucial as it provides more opportunities for financial independence through the flexibility that businesses offer. During COVID-19, women-led purely online and home-based businesses gained traction, creating new avenues for launching, marketing, and connecting with entrepreneurial communities. Recent initiatives like the Unified Lending Interface (ULI) by the RBI, a platform that consolidates authenticated financial data and facilitates interactions between lenders and borrowers, could greatly support women entrepreneurs by providing personalised financial services and products.¹⁰⁶

¹⁰² Garcia, A.C.B., Garcia, M.G.P. & Rigobon, R. Algorithmic discrimination in the credit domain: what do we know about it?. *AI & Soc*, 39, 2059–2098 (2024). <https://doi.org/10.1007/s00146-023-01676-3>.

¹⁰³ RBIH. (2024). *At the Helm: Women Entrepreneurs Transforming Middle India*. <https://rbihub.in/wp-content/uploads/2024/08/RBIH-Swanari-SALT-Whitepaper.pdf>.

¹⁰⁴ Feng J., Ahmad Z. and Zheng W., (2023). Factors influencing women's entrepreneurial success: A multi-analytical approach. *Front. Psychol.* [13:1099760.10.3389/fpsyg.2022.1099760](https://doi.org/10.3389/fpsyg.2022.1099760).

¹⁰⁵ RBIH. (2024). *At the Helm: Women Entrepreneurs Transforming Middle India*. <https://rbihub.in/wp-content/uploads/2024/08/RBIH-Swanari-SALT-Whitepaper.pdf>.

¹⁰⁶ RBIH. (2024). *At the Helm: Women Entrepreneurs Transforming Middle India*. <https://rbihub.in/wp-content/uploads/2024/08/RBIH-Swanari-SALT-Whitepaper.pdf>.

The lack of detailed gender-disaggregated data on women entrepreneurs often hampers their access to external financing, such as equity investments or bank loans, particularly for those in Tier 2, Tier 3, and Tier 4 cities. Collecting and sharing such data could enhance the credit potential of financial institutions, allowing them to better assess the creditworthiness of women entrepreneurs and provide personalised credit offerings. Additionally, many women are unaware of government grants and schemes available to meet their financing needs. Community-led initiatives focused on improving digital literacy and financial awareness could help ensure that women in need benefit from these resources.

4.2.4. Promoting Public-Private Partnerships (PPP) for Innovative Financial Solutions

Relying on community funds, government grants, and bank aid can certainly help SHGs achieve self-sustenance and provide adequate microcredit lending. However, to scale these efforts more effectively and significantly increase the currently low microcredit uptake among women, which stands at just 11%, government schemes must incorporate private sector participation. Strategic public-private partnerships (PPPs) can play a pivotal role in addressing this issue at the grassroots level.

Private players bring technology-based solutions to the table, which can be leveraged to increase the penetration of banking services. By partnering with fintech companies, banks and other public financial institutions can develop innovative, goal-based saving models and last-mile connectivity solutions.¹⁰⁷

PPPs can also be utilised to develop a digital banking ecosystem for underserved sections of society. An information and communication technology (ICT)-based agent-bank model involving Business Facilitators (BFs)/Business Correspondents (BCs) can extend financial services to unbanked and underserved regions.¹⁰⁸ Banks can collaborate with Technology Service Providers to develop cashless and paperless payment solutions tailored to MSMEs and SHGs. For example, Canara Bank has launched a pilot program in partnership with MoneyPurse to provide digital banking solutions for SHGs. Launched in December 2023, the program has already opened 674 new SHG group savings accounts and disbursed 177 bank loans, showcasing the potential for scaling up digital financial services in rural areas.¹⁰⁹

The need for customised credit products is strongly felt by women entrepreneurs at the grassroots level, as the majority of microenterprises in India are led by women. PPPs can play a significant role in operationalising these products by leveraging technological expertise and introducing disruptive credit lending models based on financial and non-financial data of individuals. SHGs can become key stakeholders in this process, acting as intermediaries through which members can interact with banks to communicate their specific needs. This collaboration could also serve as a capacity-building exercise for banks, borrowers, and SHGs, enhancing the effectiveness of financial inclusion efforts.

Collaboration with private players can also extend to non-financial areas, such as providing skill training, technical expertise, logistics, and technology. These partnerships are crucial for the holistic empowerment of women and the long-term sustainability of their microenterprises. PPPs can also play a crucial role in areas like digital literacy, which is essential for advancing financial inclusion for women. For example, the Women Entrepreneurship Platform (WEP) has partnered with various industry stakeholders, such as MAVIM, MSC, SIDBI, GroW Network, and Shakti Sustainable Energy Foundation, under its Financing Women Collaborative (FWC) initiative to promote financial inclusion among women

¹⁰⁷ Mishra, N., Tikare, M., Dalvi, O., Hadwale, S. and Jagdale, S. (2023). A Study of Adoption of Digital Banking Services Wrt SHG Women, Mumbai. *Journal of Informatics Education and Research*, 9(11), 708-718. <https://jier.org/index.php/journal/article/view/168/195>.

¹⁰⁸ Mishra, N., Tikare, M., Dalvi, O., Hadwale, S. and Jagdale, S. (2023). A Study of Adoption of Digital Banking Services Wrt SHG Women, Mumbai. *Journal of Informatics Education and Research*, 9(11), 708-718. <https://jier.org/index.php/journal/article/view/168/195>.

¹⁰⁹ RBIH. (2024). *Digital Innovation for SHGs: An RBIH Initiative for the Last Mile*. <https://rbihub.in/wp-content/uploads/2024/04/SHG-Report.pdf>.

entrepreneurs.¹¹⁰ This initiative focuses on both the supply side and the demand side: on the supply side, it aims to develop financial infrastructure tailored to women by offering specialised financial products, while on the demand side, it focuses on building capacity and enhancing financial literacy among women.

4.2.5. Promoting Financial Literacy and Entrepreneurship Training for Women

Financial literacy and awareness initiatives offer women broader technical and market knowledge, covering crucial aspects such as budgeting, saving, accessing credit, and using digital financial tools. Scholars widely recognise financial education as essential for financial inclusion.¹¹¹ Financially literate individuals are better equipped to manage their finances and make informed financial decisions.¹¹² These programs can also focus on educating women entrepreneurs about the importance of maintaining a strong credit history and CIBIL score, which can facilitate easier and faster access to financing.¹¹³

Being part of SHGs is inherently beneficial for promoting financial literacy. Access to social support groups, resources, and established systems is a crucial step toward achieving financial independence. The goal should be to expand the reach of SHGs to ensure their benefits reach the most underserved women. Collaborations with private organisations offering financial literacy training can provide technical training and capacity-building programs. These initiatives can effectively help aspiring women entrepreneurs enhance their skills and align them with business opportunities. Entrepreneurship training programs should also focus on the critical skills needed to ensure the viability and scalability of new ventures.¹¹⁴

Building digital competence among women entrepreneurs is crucial for bridging the digital divide and ensuring their access to digital platforms for financial management, digital payments, and e-commerce. However, it is essential that these training and development programs are gender-sensitive, fostering critical thinking and addressing the unique challenges women face.¹¹⁵

¹¹⁰ Press Information Bureau. (2024, July 5). *Second meeting of Financing Women Collaborative, a key initiative of the Women Entrepreneurship Platform* [Press release]. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=2031079>.

¹¹¹ Khan, F., Siddiqui, M.A. and Imtiaz, S. (2021). Role of financial literacy in achieving financial inclusion: A review, synthesis and research agenda. *Cogent Business & Management*, 9(1). <https://www.tandfonline.com/doi/full/10.1080/23311975.2022.2034236#abstract>

¹¹² Lusardi, A. and Mitchell, O. S. (2011). Financial Literacy around the World: An Overview. National Bureau of Economic Research, Working Paper 17107. https://www.nber.org/system/files/working_papers/w17107/w17107.pdf.

¹¹³ Press Information Bureau. (2024, July 5). *Second meeting of Financing Women Collaborative, a key initiative of the Women Entrepreneurship Platform* [Press release]. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=2031079>.

¹¹⁴ Entrepreneurship Development Institute of India. (n.d.) *Women Entrepreneurship*. <https://www.ediindia.org/women-entrepreneurship/>.

¹¹⁵ Pimpa, N. (2021). Overcoming Gender Gaps in Entrepreneurship Education and Training. *Frontiers in Education*, 6, 1-10. <https://www.frontiersin.org/journals/education/articles/10.3389/feduc.2021.774876/full>.

5. Conclusion

Advancing the goals of financial inclusion for women and improving the usage of financial services for women entrepreneurs is not only a policy objective aimed at social development but also a crucial step towards achieving broader economic growth and stability. However, substantial barriers persist, including socio-cultural norms, limited access to technology, and insufficient financial literacy, among others.

Addressing these challenges requires a multifaceted approach that incorporates gender-specific policies, grassroots initiatives, and the collection of gender-disaggregated data to inform effective strategies. By prioritising solutions that specifically cater to ensuring access for underserved women, such as tailoring support to SHGs, India can significantly improve access to financial services for all underserved women, unlocking the vast potential of women entrepreneurs. A combination of concerted efforts and innovative solutions will ultimately help foster an inclusive economy that benefits all segments of society.

In this regard, the following is a list of recommendations proposed in this paper, divided into solutions aimed at improving access to financial services for women and enhancing the usage of financial services by women entrepreneurs:

ACTION ITEMS/POLICY RECOMMENDATIONS

Enhancing Access to Financial Services for Women

- i. **Enhance access to technology** by re-aligning JAM Trinity and UPI specifically towards women, especially in rural and underserved areas and focusing on creation of gender-disaggregated data for targeted initiatives.
- ii. **Leveraging Digital Financial Infrastructure to Improve Financial Inclusion** by adopting a gender-intentional approach to increase outreach and simplify the processes
- iii. **Leveraging embedded finance for financial inclusion** through financial and non-financial apps.
- iv. **Leveraging existing on-ground networks** such as SHGs and the Bank Sakhi initiative for greater outreach. Private sector players can partner with these groups to enhance the financial inclusion of women.
- v. **Using phygital channels to guide women** through their first few transactions, helping them adopt digital payment methods.
- vi. **Adopting a community-led approach** to strengthen digital financial adoption among women in rural and remote areas.

Improving Usage of Financial Products and Services by Women Entrepreneurs

- i. **Industry should partner with SHGs and on-ground NGOs** to facilitate credit lending options to women entrepreneurs.
- ii. **Promoting entrepreneurship among women** in Tier 2 and Tier 3 cities and providing access to external funding.
- iii. **Revising success metrics for women-led businesses**, especially those that raise capital.
- iv. **Promoting Innovation and Public-Private Partnerships (PPP)** for development of financial solutions such as creating a digital banking ecosystem for underserved sections of society, developing customised credit products, or fostering non-financial partnerships like skill training, technical expertise, logistics, and technology support.
- v. **Promote Financial Literacy and Entrepreneurship Training for Women** by building literacy programs specifically tailored towards women and women-led entrepreneurs.
- vi. **Promoting and Incentivising targeted lending products** to be built by the industry catering to the needs of women-led businesses.

The next few years are crucial in charting a course towards realising the goal of financial inclusion for women. Women's grassroots organisations such as SHGs must be strengthened to bolster their capacities in bringing women into the formal financial fold and empowering them as entrepreneurs. Private entities must be incentivised to form meaningful partnerships with SHGs so they can leverage their expertise in operationalising technology-based solutions. By addressing the unique challenges women and women entrepreneurs face in participating in the formal financial sector, India has a massive opportunity to empower a generation of women entrepreneurs and drive economic resilience.

AUTHORS



MONICA JASUJA

Chief Expansion and Innovation Officer, Emerging Payments Association Asia

Monica Jasuja is a fintech pioneer with global experience at PayPal, Mastercard, and Gojek. Known for her leadership in product innovation and strategic partnerships, she has expertise in product management, go-to-market strategy, and revenue management. A trusted advisor and frequent speaker, Monica shares insights on payment transformation and the role of technology in building inclusive digital economies.



SOHAM JAGTAP

Research Associate

Soham Jagtap, Research Associate at The Dialogue, specializes in FinTech, E-commerce, and Digital Tax. An LLM graduate from WBNUJS with top honors in Law and Technology (2023), he has expertise in AI, FinTech policy, and justice system modernization. Soham's work focuses on advancing technology-driven legal frameworks and innovation-friendly policies.



AYUSH TRIPATHI

Senior Programme Manager - Ecommerce, Fintech and Telecom

Ayush, Senior Programme Manager at The Dialogue, leads work on E-commerce, FinTech, Telecommunication, and Digital Tax. A law graduate from Symbiosis International University, he researches technology policy and has worked on projects in e-commerce, data governance, digital taxation, privacy, and more. He also contributes to national newspapers and supports capacity-building initiatives.



thedialogue.co



[LinkedIn | The Dialogue](#)



[Twitter | The Dialogue](#)



[Facebook | The Dialogue](#)



[Instagram | The Dialogue](#)