UN SECRETARY-GENERAL'S HIGH-LEVEL PANEL ON WOMEN'S ECONOMIC EMPOWERMENT

FINANCIAL AND DIGITAL INCLUSION FROM THE PERSPECTIVE OF WOMEN IN THE INFORMAL ECONOMY

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A POLICY BRIEF FOR THE UN SECRETARY-GENERAL'S HIGH-LEVEL PANEL ON **WOMEN'S ECONOMIC EMPOWERMENT**

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I. INTRODUCTION

Global progress and persistent disparities

Major strides have been made in advancing financial and digital inclusion worldwide. The World Bank's Global Findex database shows that in three years, between 2011 and 2014, the share of the world's adult population with a formal bank account[1] rose from 51 to 62 per cent (Klapper et al. 2015; see also "Financial Inclusion and Women's Economic Empowerment" on the HLP website by Leora Klapper and Jake Hess). This increase means that 700 million people that were previously "unbanked" now have access to financial institutions, opening up opportunities to build assets and increase financial security (Klapper et al. 2015).

Similar progress has been made on the digital inclusion front, with the vast majority of growth in mobile subscription rates and smartphone adoption occurring in developing regions (GSMA 2016). Increased access to smartphones has translated to increased access to Internet for billions of people. GSMA's 2016 report, *The Global Economy,* cites that 2.5 billion people in developing regions had access to internet through mobile phones and devices in 2015 (GSMA 2016). The proliferation and spread of mobile phones has also opened up new avenues for financial inclusion through mobile banking. The success of M-PESA in Kenya has shown that mobile money can indeed reach a large customer base. However, access and benefits from expanding financial and digital inclusion have not been distributed or experienced equally. Between and within countries there is much progress to be made in closing gaps to access and making financial and technological innovations work for everyone.

The gender gap in financial inclusion worldwide is largest within the poorest populations, especially those living on two dollars a day or less (Klapper et al. 2013). Within this group globally, women are 28 per cent less likely than men to have a formal bank account (Klapper et al 2013). In those regions where financial inclusion is generally low for both men and women, the gender gap is even larger. For example, in South Asia and in the Middle East and North Africa women are approximately 40 per cent less likely than men to have access to a formal bank account (Klapper et al 2013). As this data highlights, poor women are disproportionally excluded from mainstream financial systems.

1 "Formal bank account" here refers to an account at a bank, microfinance institution, credit union or other formal financial institution.

There are also significant disparities in the way that women access and use digital technology (as highlighted in the High-Level Panel report on Women's Economic Empowerment, pages 48-49). First, lower incomes and constraining social norms, among other factors, have contributed to lower mobile phone ownership rates for women. Data from a 2015 global survey by GSMA reveal that women are 14 per cent less likely to own a mobile phone than men worldwide, a figure that translates to 200 million fewer women than men that own mobile phones. This figure is even higher in developing regions including South Asia, where women are 38 per cent less likely to own a mobile phone than men (GSMA 2015). The research also revealed that when women do own mobile phones, educational disparities can prevent them from maximizing benefits (GSMA 2015).

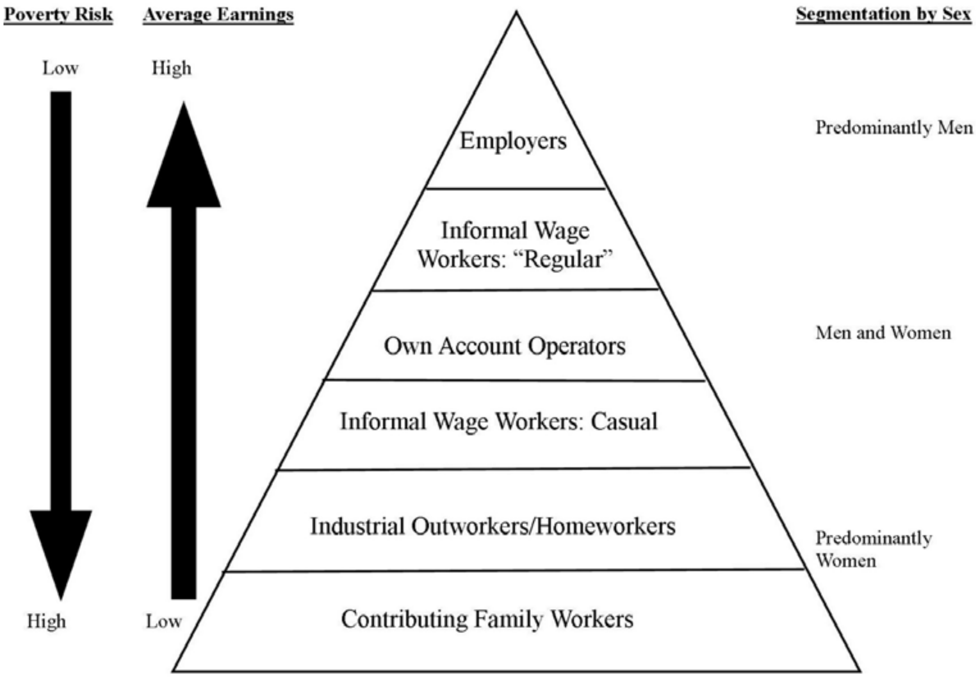
Financial and digital inclusion for women informal workers

This policy brief focuses on digital and financial access from the perspective of women working in the informal economy, a group that has much to gain - as women and as workers - from increased financial and digital access. Indeed, the proliferation of microfinance on a global scale has largely been targeted at this group. However, women in the informal economy face specific constraints and possess unique financial and digital needs that are not being fully addressed by mainstream solutions.

Work in the informal economy is associated with low average earnings and high average costs and risks, especially for women (Chen 2012; see also "Women's Economic Empowerment: Pay and Working Conditions" on the HLP website by Sally Roever and Mike Rogan). As seen in Figure 1, women working in the informal economy are concentrated in lower-end forms of work with higher poverty risk. By nature of their status as informal workers, they also face various difficulties including, for example, accessing markets, securing childcare and other social protections, and exercising bargaining power to improve their work conditions and earnings.

All of these factors can contribute to a state of socio-economic insecurity and a prioritization of short-term basic needs that prevents women from engaging in longer-term financial planning. In this context, women are often forced to keep savings in their homes or in informal systems and obtain credit from loan sharks at high interest rates. Without access to insurance or pension funds through an employer they face disproportionate economic and social risks.

Figure 1: Multi-segmented Model of Employment in the Informal Economy[2]



Source: Chen 2012

Financial services (including savings accounts, credit, insurance and pensions) have the potential to increase the incomes, productivity, assets and socio-economic security of informal workers over time. For informal workers, digital services (including mobile phones and Internet access) can facilitate organizing, increase ease of communication with suppliers and customers, and offer unprecedented access to information. However, current financial and digital solutions are falling short in fully delivering these benefits to informal workers, especially women.

This policy brief begins with a review of the strengths and limitations of current approaches to expanding financial and digital inclusion, and provides concrete recommendations from the perspective of increasing opportunities for women in the informal economy. In addition to current research from Consultative Group to Assist the Poor (CGAP), GSMA and Findex, this brief draws upon the experience and knowledge base of SEWA (Self-Employed Women's Association) Bank of India, the first microfinance institution for women in India, and a pioneer in

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[2] For more gender segmentation and poverty risk within the informal economy and information on how this model was developed see [WIEGO Working Paper No. 1]

advancing financial and digital inclusion for women in the informal economy. SEWA Bank's approach to financial inclusion aims to address the unique and inter-connected needs of women informal workers through the provision of financial products that protect and enable women throughout different phases of their lives, as women and as economic agents. The brief presents a detailed case study of SEWA Bank's holistic approach to financial inclusion.

This brief draws from a research project led by WIEGO (a global research- action network focused on securing livelihoods for informal workers) and Practical Action (a United Kingdom non-governmental organization (NGO) that seeks to promote technology justice) on technology use and digital needs of informal workers. Through a unique, participatory methodology[3] the research aimed to illuminate a future vision for economic inclusion, technology justice, and empowerment of the working poor in the informal economy.

II. CURRENT APPROACHES TO FINANCIAL AND DIGITAL INCLUSION: STRENGTHS AND LIMITATIONS

Banking agents

Banking agents are increasingly seen as a way to expand financial inclusion, especially for hard-to-reach populations. Banking agents[4] are individuals who work largely in rural areas to raise awareness about financial services and to conduct transactions digitally, typically by using mobile point of service (POS) devices. Banking agents represent a promising means for increasing financial inclusion by reaching customers in their homes and workplaces; therefore providing unbanked populations with information and easy access to services. Retail agents, or shop owners that offer banking services, are also becoming increasingly common.

However, the banking agent approach is severely limited by scale, as there are usually not enough agents to reach large sections of the rural population. For example, in a rural village, one agent might cover about 600 families. However, with tens of thousands of villages to cover, agents ultimately only reach a small share of the population. Generally, banking policy and regulations do not encourage large

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[3] The research used focus groups, photo documentation, micro-narratives and key informant interviews with informal workers. It was done in partnership with membership based organizations of informal workers. The full report is available on the WIEGO website here: http://wiego.org/publications/technology-base-pyramid-insights-ahmedabad-india-durban-south-africa-and-lima- peru

[4] Long before the "banking agent" concept became popular, SEWA Bank had developed a program to train its own members as "bank sathis" (companions of the bank) to act as promoters and providers of financial education and services in the field

numbers of agents.

The banking agent approach does have the potential to provide a well-remunerated source of employment for poor women. For example, banking agents at SEWA Bank reportedly earn around four times the minimum wage, $14 a day[5]. However, traditional banking institutions overwhelmingly employ men as agents.

There is also increasing evidence that employing local women to act as banking agents in their own communities may actually be more effective in expanding access and knowledge about financial services. For example, a pilot project conducted by the Rural Financial Institutions Programme (RFIP) in India revealed that when women from local self-help groups were trained and acted as banking agents, numbers of active accounts and activity rates in savings accounts increased (Arora and Krishnaswamy 2015). A case study about the pilot from CGAP states, "The women CSPs [banking agents] were better placed to attract more first-time women customers, including elderly women (who are usually illiterate or semi-literate) and youth. The women customer service representatives [banking agents] also seemed more amenable and successful at reaching out to potential customers from varying castes, which increases the number of active customers they could serve" (Arora and Krishnaswamy 2015).

Recommendations:

a. The number of banking agents should be increased, both to reach a greater share of rural populations and to provide a well- remunerated source of employment.
b. Targeted recruitment and training of poor women to be banking agents should go hand in hand with this expansion. Specifically, women from local self-help groups should be targeted as a potential source of banking agents, as this approach has proven to not only benefit the women, but also to provide a more efficient means of meeting the stated objectives of the banking agent approach.

Financial literacy

Literacy programs have been a major driver in reducing gender disparities in access to and use of financial and digital products and services. SEWA Bank was

[5] Information obtained from Jayshree Vyas, Managing Director of SEWA Bank

a pioneer in experimenting with financial literacy in India, which was subsequently taken up at a global scale by Women's World Banking, with Ela Bhatt of SEWA Bank as one of the founders. In SEWA's experience, providing context-specific education about business management, types of financial products, and interest and repayment rates for loans has been a critical part of the extension of banking services through SEWA Bank. Indeed, without literacy programs, SEWA Bank staff found that many women were returning to loan sharks.

However, as new approaches to financial inclusion emerge, the tools and methods of financial literacy for women must change to keep pace. In reaching women with varying levels of literacy and limited time, a variety of different communication methods can be used. For example, "mass awareness campaigning" has been used by the Indian School of Microfinance for Women to reach isolated women at a large scale through all-day events open to the public with presentations, and audio-visual messages. Women's World Banking (2013) documents several creative ways of approaching financial education, through awareness campaigning and other methods including a *telenovela* (soap opera) that was created and disseminated by microfinance institution, Banco ADOPEM in the Dominican Republic, to encourage women to open savings accounts.

Finally, financial knowledge can be embedded information into everyday interactions between bank staff and clients. While this practice is already being carried out by many financial institutions, too often information offered to clients serves simply as marketing material. Instead, interactions with clients should be seen as an opportunity to pass along more general financial information, not only about resources available through any given institution, but also about financial concepts and strategies more broadly. This approach is used by banking agents in SEWA Bank's *sathi* initiative (described in Section 3 which delves into a case study on SEWA Bank).

Recommendations:

1. Invest in context-specific forms of financial education that are customized for women who are illiterate or semi-literate.
2. Invest in innovative ways to communicate financial information to hard to reach populations.
3. Increase access to financial education through the use of mobilizers, trainers or banking agents and embed financial education in everyday interactions

with clients.

Information and communication technology (ICT)

Mobile phones have opened up new avenues for organizing and increasing productivity and efficiency for informal workers. WIEGO's study[6] on informal workers' use of technology in Ahmedabad, India, Lima, Peru and Durban, South Africa, revealed that workers were using mobile phones to advertise their products, take orders from clients, communicate with suppliers, and engage in organizing efforts, among other things (Alfers et al. 2016). Some membership-based organizations (MBOs) of informal workers reported using mobile phones to warn their members about policy raids (Alfers et al. 2016).

However, the expansion of ICT use among MBOs and their informal worker members is limited. Research findings have suggested that while many MBOs are starting to use smartphones and Internet for organizing efforts, informal workers' use of ICTs is largely restricted to basic mobile phones. MBO leaders and workers interviewed cited high costs and low literacy levels as barriers to taking full advantage of ICTs (Alfers et al. 2016). Several women informal workers reported an added barrier of restrictive gender norms limiting use: their husbands would not allow them to use mobile phones to deal with contractors, suppliers or any men outside the home (Alfers et al. 2016).

The same study also explores several cases of advanced, internet-based ICT innovations meant to benefit informal workers, including a mobile-based risk mapping initiative for informal markets, carried out in the Warwick Junction market of Durban, South Africa. As part of the initiative, informal workers digitally mapped out (using the Ushahidi Platform), fire and sanitation hazards in the market, with the objective of using the data as the basis to develop a disaster response plan together with local government officials. The project also included an occupational health and safety training course. After the course, Frontline SMS (a bulk SMS sending and receiving tool), was used to send push messages to participants to reinforce key messages on health and safety.

[6] The report cited here is one output of a larger project between WIEGO and Practical Action on technology and informal work. The report cited here was written by WIEGO and highlights findings from the three of the five cities that WIEGO conducted research in as part of the study (Practical Action carried out research in the other two).

WIEGO and Practical Action's assessment of this initiative highlighted the value that digital technology can add value to a project with or by informal workers, while cautioning against seeing tech-based initiatives as a "silver bullet." For example, to the disappointment of many of the traders, the municipality did not address the hazards they identified: "The technology alone could not address the complex socio-economic factors which have led the city to neglect the infrastructure in Warwick Junction" (Alfers et al. 2016, 54). Also, the health messages were put into practice more by the workers who attended the workshop, than those who just received the messages. While the text messages may have been useful to reinforce the lessons learned in the workshop, they are not a substitute for it. This suggests that ICT-based initiatives need to be complemented by more traditional capacity-building and organizing strategies.

Recommendations/lessons

1. ICTs alone cannot address the systemic constraints faced by informal workers; these methods can be most effective when embedded within traditional organizing, capacity-building and information sharing methods, like using text messages to reinforce messages communicated through the health workshops.
2. As high costs and low literacy levels can prevent informal workers from accessing and taking advantage of ICTs, initiatives to expand access should focus on addressing these areas.

Mobile banking and ATMs

Mainstream mobile banking solutions are generally not designed to meet the unique needs of workers in the informal economy. For example, many workers, especially those that purchase and sell goods on a daily basis, require the constant use of cash. The use of mobile devices to make cashless transfers for goods and services in the informal economy has not yet become common practice. In addition, as the previous section highlights, low levels of education can prevent informal workers, and especially women, from using mobile technology. Software for mobile banking is generally not developed in a way that takes into account the educational and social disparities that influence the way that men and women use and access technology differently.

Brick and mortar banks also have work to do in increasing access for semi-literate or non-literate populations to banking services. ATMs offer women easy and fast access to accounts, something that is particularly important for women informal workers, who often need cash quickly. However, traditional ATMs do not work for semi-literate or non-literate populations. One way to increase access is to develop easy to follow visual guides for ATMs, to enable clients to make withdrawals and deposits using the machines. This approach has been developed by SEWA and is described in more detail in the following section.

1. Mobile banking initiatives should take into account the unique financial needs of an informal worker, for example, whether she needs cash every day (as is the case for street vendors) or once every few days (small producers) or seasonally (farmers).
2. Software for mobile banking should be developed in ways that meet the needs of men and women, both literate and illiterate. Traditional financial literacy programs should accompany mobile banking to increase effectiveness and promote inclusion.
3. Visual guides or other measures to increase access for illiterate populations should be provided at ATMs.

KYC requirements

The "know your customer" (KYC) requirements that affect whether one can get a prepaid SIM card have been adopted by a range of countries in an attempt to promote crime reduction and counter-terrorism efforts. However, they are quite onerous and often prevent women from accessing mobile phones. KYC requirements (which differ by country) often require prospective clients to provide a comprehensive set of documents including proof of identity and address. These checks have not proven to be effective in reducing crime, although they do often have inadvertent and negative effects on the poor, particularly women (GSMA 2013). For example, many countries do not have universal identity cards, and it is the poorest women who end up with no access to a card. Address proof is even more difficult as most proofs, such as water bills or electricity bills, are in the name of the man. For renters or those living in informal settlements these may not be available at all. In India KYC norms are quite rigid, as they require women who want bank accounts to produce certified proof of their identity and address. As women generally do not own assets, they do not have an identity proof. Further, most have neither property documents nor bills, such as electricity or telephone, in their own name.

Some countries, such as Mexico, have repealed mandatory registration requirements after impact assessments revealed the failure of the policy to have any effect on crime reduction and acknowledged that it is not possible to completely verify the identity of any one user (GSMA 2013). Other countries, such as Sri Lanka, have relaxed requirements by allowing users to register their identity online, rather than presenting documents in person (GSMA 2013).

Recommendations:

1. KYC requirements should be relaxed and made flexible to accommodate users who do not have access to official proof of identity (see page 72 of the High-Level Panel report on Women's Economic Empowerment).

Disaggregated data

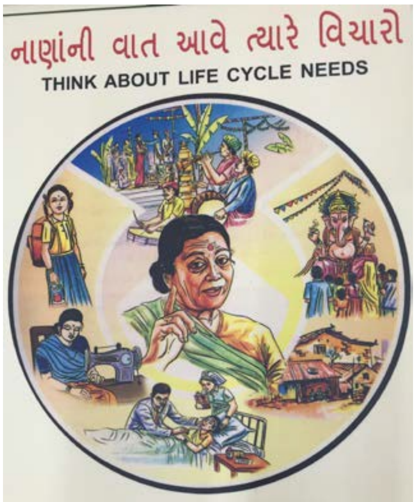
Although most financial institutions and mobile companies do collect data on gender, this data is not easily available. According to the GSMA 2014 report, *State of the Industry*, only 23 per cent of mobile companies reported knowing the gender composition of their customers.. Most companies do not collect data about or target women users in any systematic way. Most mobile companies also do not collect data on the occupation of their customers; it is only when special studies are done that specific occupational breakdowns are highlighted.

The main global data available for understanding the gendered dimensions of financial inclusion is found in the 2014 World Bank's Global Findex Report, which includes data collected from direct surveys in a number of countries. However, although the report collects data on income, this study does not collect data disaggregated by work and occupation.

Data is perhaps the most powerful way to inform policy makers, companies and the general public of the disparities that exist in society. Financial institutions and mobile companies urgently need to begin to collect gender and occupation disaggregated data to better understand users and extend services in a more inclusive way.

III. CASE STUDY: SEWA BANK, THE FIRST MICROFINANCE INSTITUTION FOR WOMEN

Advancing inclusion starting with holistic needs



SEWA believes that advancing financial inclusion for poor women requires taking a comprehensive approach that goes beyond simply increasing access to bank accounts. In order to bring women at the margins into financial systems it is necessary to recognize their diverse, unique and often inter-connected needs. A holistic approach involves meeting women's needs over the course of their lifetime (their life-cycle needs).

As a 2013 report from Women's World Banking explains, "To better integrate women into the financial sector, we have to understand not only the local banking and regulatory environment but also their lives. This includes the culture in which they live and work and their financial needs and goals" (WWB 2013). Through years of experience providing services to poor women in India, SEWA Bank has determined that an approach that addresses life-cycle needs can increase women's self-confidence and self-reliance as they become increasingly familiar and comfortable dealing with financial products.

SEWA Bank was started by Ela Bhatt in 1974 to respond to the needs of SEWA members, street vendors and home-based workers for loans for their businesses. The members of SEWA came together and said, "The banks do not allow us to cross their thresholds. We may be poor but we are so many, we can pool our money and start a bank of our own." Today SEWA Bank is flourishing with over 400,000 women depositors and Rs. 3 billion in capital. The bank is regulated by the Reserve Bank of India (India's central bank) and provides many savings products as well as different types of loans to women.

Women are generally seen only as consumers of financial services. Most of the clients of microfinance institutions are women, while employees are almost always men. In India, even when women work in brick and mortar bank branches, the field workers who reach out to clients tend to be men. The boards and decision-making in almost all financial companies tend to be men; the same is true of mobile companies as well.

SEWA Bank is an example of an institution where the governance and management of day to day operations is done by women - the professionals running the bank are women, the banking agents ('bank *sathis'*) are women, and financial literacy initiatives are run by women. Also, SEWA Bank does not have "clients." Instead, all of the women who use SEWA Bank's services are shareholders in the bank. SEWA's unique organizational and operational structure facilitates the coming together of technical and experiential knowledge that has been so critical in allowing SEWA Bank to develop products and services that are responsive to women's needs. For example, while professional SEWA staff bring technical knowledge about finance and banking, SEWA Bank shareholders, banking agents and organizers bring on-the- ground knowledge of women's needs, constraints and preferences. The fusion of technical and experiential knowledge through dialogue and practice between women at SEWA ensures that the needs of poor women remain at the centre of all decisions.

Based on interviews with Jayshree Vyas, the Managing Director of SEWA Bank, the following success factors of the SEWA approach to financial and digital inclusion have been identified:

- Trust and accountability: There is a foundation of trust allowing for women to invest their hard earned and limited resources in SEWA Bank.
- Financial rigor: Prudent fiduciary systems lead to high grades from the regulating agencies.
- Women-centred governance: Major policy decisions in SEWA Bank are made by poor women, who are the shareholders and on the board of SEWA Bank.
- Holistic needs-based approach: Unlike other microfinance agencies, the products and systems are based on women's needs and are managed and run by women.

The following section describes these components of SEWA's unique approach to financial and digital inclusion in more detail.

Increasing financial access and promoting literacy

SEWA's bank *sathis* carry tablets into the areas they serve, with the account details of all the customers under their purview. Their software informs the agents about which clients to collect savings or loan installments from each day. The tablet also has a description of all the products offered by the bank and a few simple financial literacy modules that agents share so that their role is not only to act as a "collection agent", but also to promote financial literacy among clients and provide advice to them. The goal of this project was to "Embed financial education messaging into routine interactions between clients and SEWA Bank," making financial education central rather than complimentary to bank services (WWB 2013). The *sathi* initiative began with a pilot phase, where data was collected that revealed 47 per cent of customers who received training from *sathis* increased their savings by over 10 per cent or more (WWB 2013). In some areas not covered by bank *sathis,* SEWA bank sends a fully equipped mobile van with laptops and software that can do everything a bank branch does.

SEWA also increases access to financial services by simplifying timely and complicated processes for its shareholders. If women have their the unique identity card (*Aadhar*), the card number along with their fingerprint or iris print, this is enough to open a bank account. To facilitate the dissemination of *Aadhar* cards and access to bank accounts, SEWA Bank has an ongoing Aadhar Card issuing system.

SEWA Bank also offers its clients direct cash transfers from government schemes. The client's bank account is linked with her unique identity number (*Aadhar*). Government transfers that, for example, take the form of cooking gas subsidies or pensions, are deposited directly into the clients account each month.

Banking innovations have traditionally benefited the middle and upper classes, however for the poor, who often have the least time to spare, access to time-efficient banking devices is limited. SEWA Bank provides debit cards that can be used at any ATM, and teaches women how to use them, even if they are illiterate. Visual ATM guides are provided to facilitate this process. Additionally, SEWA provides specific passbook printing machines and cash deposit machines where SEWA members are able to print pass books and deposit cash at any time without having to come in to a bank branch.

Decreasing risks and building assets

Insurance

As SEWA staff gained experience working with members to meet their financial needs, they found that often women lost their earnings and savings during crisis events such as illness, the death of a family member, market downturns and natural calamities. Not having a cushion to fall back on during these events often perpetuated a vicious cycle of poverty and increased vulnerability. In response, VimoSEWA, SEWA's Insurance Program was started in the early 1990's. VimoSEWA originally provided access to life insurance to SEWA members through the Life Insurance Corporation (LIC) of India, a public sector insurance company. However, it was clear that SEWA members required a more comprehensive and integrated insurance package as a buffer against the multiple risks and crises they face in their everyday lives.

In 1992, SEWA's Integrated Social Security Scheme was initiated with coverage for life, asset loss, widowhood, personal accident, sickness and maternity benefits. In 2009, the scheme was registered as a National Insurance Cooperative, VimoSEWA. Presently, 100,000 women have paid up premiums of over Rs. 20 million (US$298,826) in 2015 and benefits disbursed have totaled Rs. 12 million (US$178,660). Mirai Chatterjee, the Chairperson of VimoSEWA, cites a holistic approach to risk prevention, transparency and reach as success factors of the VimoSEWA approach. As she explains, VimoSEWA addresses the various and frequent risks in women workers' lives (sickness, accident, death, asset loss, etc.) through appropriate, affordable products. VimoSEWA responds to the needs of women informal workers who have limited time by servicing claims at their doorsteps. Finally, women manage all product development, insurance, education, sales and marketing, and claims servicing in a transparent and financially viable manner.

Pensions

SEWA Bank acts as an intermediary between pension funds and members through a deposit collection services program. Each month SEWA Bank collects $1.50-$2.50 from 100,000 women, aggregates the money and sends it to selected pension funds with details of each woman's account. The pension funds then send back copies of account statements that SEWA members can view or request printed copies of. For insurance women have the option of linking bank accounts to VimoSEWA.

Specifically, women are able to open fixed deposit accounts in the bank and request that earned interest be used to pay the premium on their insurance accounts.

Housing finance

A “house of my own” is the dream of every poor woman. For many women in the informal economy a house is both a secure living place and a workplace. For many SEWA members, their houses are productive assets as many of them earn their living as home-based workers by stitching, weaving, running small shops, making incense sticks, running catering or child care centres, among other things.

According to the Indian government there is currently a housing deficit, or an unmet demand for 19 million housing units in urban areas alone; 90 per cent of this demand comes from low income groups. The main reason for this is that the poor are unable to get housing loans because their incomes are ”off the books” and also because they may live in informal settlements without property titles, making it impossible to obtain housing finance.

SEWA Grih Rin (SGR), started in 2015, is a pioneer in providing housing finance. It gives loans only to women, although all earning family members can become co-signers and beneficiaries. The program devised ways to assess informal incomes and determine capacity for repayment. Most importantly, the program accepts informal property documents as a form of proof of mortgage, and has created its own securitization system. Its average loan size is Rs. 2.5 lakhs (US$3707), and it will disburse 25 crores (US$3,758,000) in 2016.

Renana Jhabvala (chair of SEWA Grih Rin board) explains: “SGR has created a new type of mortgaging system, one that is suitable to the poor. Having a home of her own is a major lifetime investment so women plan their small houses carefully so that it is not only a dwelling place, but can also use part of it for production or sales and earn an income which helps pay for the loan.”

Conclusion

The proliferation of microfinance on a global scale has extended financial access to millions, and has largely targeted women in the informal economy. The rapid growth of mobile adoption has further bolstered financial inclusion, and is providing unprecedented access to information and communication networks in developing regions.

However, as this paper has argued, mainstream approaches to financial and digital inclusion – despite their potential for scale and financial sustainability – are not silver bullet solutions. The extension of mobile phones and bank accounts alone cannot fully address the systemic constraints faced by informal workers, especially women. To be most effective in promoting human development and poverty alleviation, measures to increase financial and digital inclusion should be developed in holistic ways that take into account the multiple and inter-connected needs of the most marginalized and disadvantaged groups. These initiatives should be complimented by education and support. Traditional methods of organizing, capacity-building and popular education should not be eschewed in favour of tech-based solutions. Rather, these solutions can often be most effective when embedded within more traditional methods.

SEWA Bank's approach to financial and digital inclusion has been developed on the foundation of knowledge and lived experiences of women in the informal economy. Their programs are developed for – and managed by – women member, while clients are automatically shareholders and can exercise influence over banking operations as a result. The example provided by SEWA Bank offers one promising model for advancing financial and digital inclusion in a holistic and democratic way.

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