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 WOMEN**

HOW FINTECHS CAN PROFIT FROM THE MULTI-TRILLION-DOLLAR FEMALE ECONOMY

ACKNOWLEDGEMENTS

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About the Financial Alliance for Women

We're the leading members' network of financial organizations dedicated to championing the female economy — the world's largest, fastest-growing market, and yet one that remains untapped. As a unique network with members from over 135 countries, we share the ambition of unlocking the full value of the female economy.

Everything we do is based on a win-win approach where financial organizations grow their businesses by accelerating women's financial power. From creating real and digital platforms where members can learn from each other's on-the-ground experiences, to publishing our own proprietary data and research, to advocating for global policy change — we inspire and equip our members to design and refine women-centered products, services and strategies that will bring about a new paradigm for women's financial experiences.

HOW FINTECHS CAN PROFIT FROM THE MULTI-TRILLION-DOLLAR FEMALE ECONOMY

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FOREWORD

Women represent the world's largest and fastest-growing market, yet they remain largely overlooked and underserved in the financial industry—especially among fintechs. Aside from the handful of companies that have focused on creating solutions for women from the very beginning, the industry has overlooked women's distinct needs and preferences. And in doing so, they're leaving trillions of dollars on the table.

It's time for that to change.

Fortunately, fintechs by design are in a unique position to drive that change with their ability to create the low-cost, time-efficient, high-value and sustainable financial solutions that women want. It's a win-win situation: By addressing the unmet needs of women, fintechs can gain more satisfied, loyal female customers—and the more than $216 trillion that they control. But they can't do it alone. Fintechs must collaborate with financial institutions, policymakers, investors and other ecosystem players—many of whom are eager to partner with them.

So how do fintechs get there? And where are they starting from? That's what the Financial Alliance for Women (the Alliance) set out to explore in this ground-breaking study. Representing financial organizations operating in more than 135 countries, the Alliance is dedicated to helping its members find mutually beneficial ways to unlock the full value of the female economy.

The Alliance surveyed fintechs around the world and interviewed other key players to understand how the industry can better serve the vast, mostly untapped women's market. This report shares the resulting insights, as well as recommendations on how to move forward.

Several important takeaways emerge. Clearly we need to re-frame a focus on women as not merely about financial inclusion but building resilient and sustainable economies, which became more evident during the pandemic. This has become especially evident because of the pandemic. We need strong use cases which solve various pain points such as access and use of financial services, reimagine consumer insights by using sex-disaggregated data for decision-making, and move away from the current myopia about the women's market.

We need to eliminate all types of bias, including data bias and machine learning bias, that is leading to alienation and discrimination against sections of society including women.

And we need fintechs to work closely with regulators and policymakers to put in place national infrastructures that manage core issues – trust, data privacy, seamless, inclusive, and interoperable financial services.

Working together as an ecosystem will ultimately help us all create the foundation for a sustainable and resilient financial services ecosystem, one that provides greater access to necessary financial resources and drives financial inclusion for all excluded sections including women.

I thank the Financial Alliance for Women for this important piece of research and I hope it stimulates plenty of dialogue and action.

Sopnendu Mohanty
Chief Fintech Officer,
Monetary Authority of Singapore

EXECUTIVE SUMMARY

The female economy is large, fast-growing and underserved—and fintechs are well-positioned to tap into it. To help them embrace this win-win opportunity, the Financial Alliance for Women surveyed 168 fintechs and 30 investors and other ecosystem players from around the world. This report explores how fintechs have been approaching and serving the multi-trillion-dollar women's market and offers insights and recommendations in six key areas to help drive more involvement.

Embracing the Business Case for Serving Women

Fintechs that track key performance indicators by sex show a compelling business case for serving the women's market. Sixty-four percent of fintechs that collect sex-disaggregated usage data found that female customers have similar or higher usage rates than men. The picture is also favorable for other key performance metrics such as customer acquisition cost (CAC), which is similar or lower for women, and life-time value (LTV), which is similar or higher for women. (These figures do not include the 30 women-focused fintechs that are part of this study, defined as those for whom >75 percent of their customers are female.)

> "Fintechs are well positioned to serve the large and fast-growing female economy. To explore how fintechs are currently approaching the women's market, and identify opportunities for driving higher involvement, the Alliance surveyed fintechs from around the world, and also interviewed fintech-firm decision-makers, investors, banks and other ecosystem players."
>
> **– JoAnn Stonier,**
> Chief Data Officer,
> Mastercard, USA.

Using Sex-Disaggregated Data to Drive Decision-Making

Although nearly 80 percent of fintechs in the study can disaggregate the proportion of their customers that are female, most do not use sex-disaggregated data to inform decisions at any stage in the business lifecycle. The research revealed that when starting out, fintechs tend to focus on serving early adopters so they can grow their user base as quickly as possible and capture investor interest. Because men are perceived to be early technology adopters (whether this is supported by data or not), fintechs often begin to tailor their products to men. By the time most fintechs are well-funded, unless they have intentionally begun to focus on the women's market, they are well on their way to being caught in a self-reinforcing spiral of catering primarily to male users.

Fintech firms must prioritize the collection of sex-disaggregated data—both external market data and internal customer data—in order to capitalize on the full business opportunity of the women's market. This includes the identification of any roadblocks within their onboarding and data-capture flows and working with Business to Business (B2B) partners to get access to customer data. They should also track Customer Acquisition Cost (CAC), usage, Life-Time Value (LTV), client satisfaction or engagement data points such as net promoter score (NPS) and other metrics to drive decisions.

Taking a Gender-Intelligent Approach

Fintechs have to move beyond building gender-neutral products, or simply changing the interface design and color to create a "female friendly" variant of the same service, if they want to tap into the women's market in a meaningful way. Building a gender-intelligent customer value proposition requires a data-driven, tailored approach that focuses on overcoming women's obstacles and solving for their unique life moments that market research has identified and applying appropriate incentives.

Scaling Up Through Partnerships

Three-quarters of surveyed fintechs have already partnered with one or more financial services provider (FSP). In a separate survey conducted by the Financial Alliance for Women with its members (all of them FSP), a similar percent reported having partnered with fintechs. However, only 8 percent of Alliance members are working with fintechs on solutions for the women's market.[1] This speaks to the need for stronger internal communication between women's markets and teams working with fintechs inside FSPs, as well as including what's needed for the women's market in the conversations between FSPs and fintechs.

Partnering with community-focused tech startups that cater to women also offers an opportunity to target female customers at scale.

Aligning With Investors

Only half of the venture capitalists (VCs) surveyed (representing all funding stages, from seed stage to beyond Series D) were aware that men and women differed on access and use of financial services. Two-thirds said the fintechs they've funded have not created customized products or services for women, principally because they considered their products or services to be gender neutral. Almost half of the investors interviewed said that having research showing that women are underserved and have different needs would help their invested fintechs and the investors themselves to examine the potential of the women's market and apply a gender lens to serve the women's market better.

Fintechs would pay more attention to the women's market earlier on, when it's easier to correct course, if investors had an "investment thesis" showing the scale of the opportunity and encouraged fintechs to cater equally to both sexes. Investing in fintechs with female founders is also critical. Nearly two-thirds of the women-focused fintechs (which were also founded primarily by women) reported that fundraising and investor bias were their biggest business challenges.

Advocating for an Enabling Regulatory Environment

On average, nearly 40 percent of fintechs (and 65 percent of women-focused fintechs) responding to the survey said that regulatory incentives and grants hold the greatest potential to help them serve the women's market. Working toward a regulatory environment that enables gender-intelligent policies, regulations, funding, and more will help ensure that fintechs can fully take advantage of the opportunities the women's market presents.

INTRODUCTION

Women control more than $216 trillion in wealth globally[2] and earn $24 trillion on an annual basis.[3] They're also strong savers and reliable customers.[4] Yet, this market remains largely underserved. Only 65 percent of women benefit from financial services (compared to 72 percent of men).[5] And of the women who are receiving financial services, 73% are dissatisfied with them.[6]

The Global Female Economy

FAST FACTS

ENTREPRENEURSHIP

$1.7 trillion

estimated unmet demand for credit among female-owned formal micro SMEs in developing markets[7]

CONSUMPTION

89%

of women globally take charge of day-to-day purchasing[9]

$43 trillion

amount of global consumer spending women are expected to control by the end of 2020[10]

INCOME

$24 trillion

women's expected global income by the end of 2020[8]

WEALTH

40%

of global wealth is held by women[11]

$30 trillion

assets are expected to shift from Baby Boomers to younger women by 2030 in the United States alone[12]

HEALTH[13]

$50 billion

femtech's market potential by 2025

80%

of household healthcare spending is done by women

90%

of women are primary healthcare decision-makers for their families and key influencers for friends

75%

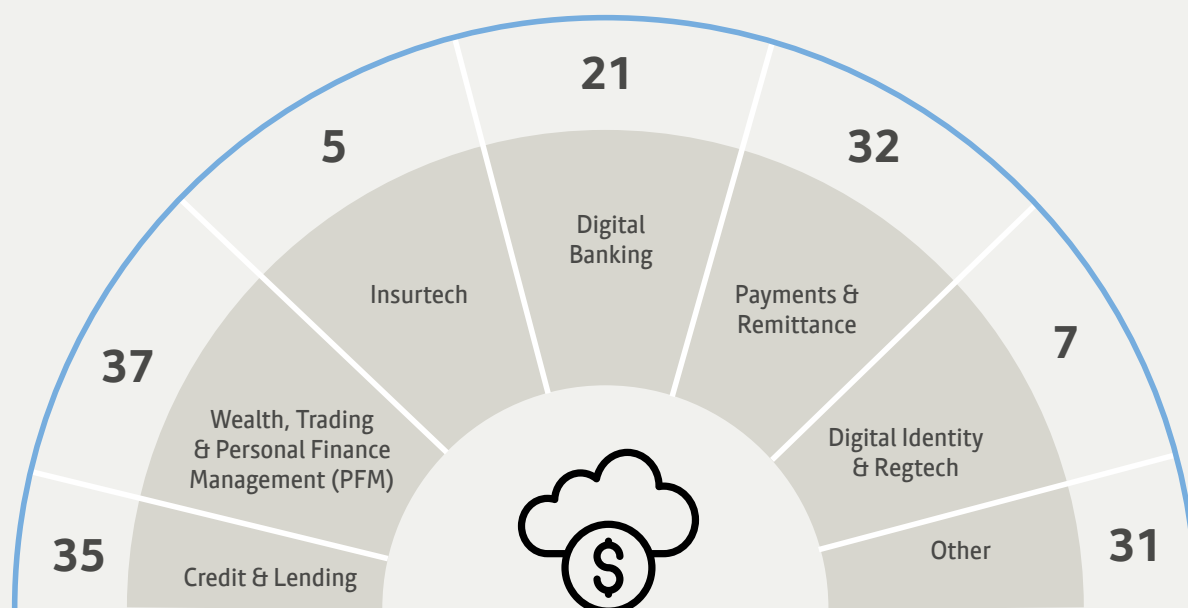of women are more likely to use digital tools for healthcare than men

Fintechs have exceptional capabilities to help close this gap and respond to women's distinct needs and behaviors, including offering low-cost access and delivering time-efficient and high-value services. And when they do so, they find a ready market: Fifty-eight percent of financial app users in the United States are women, and 62 percent of millennial women pay bills online, compared to 53 percent of millennial men.[14]

To encourage more fintech and investor involvement, the Alliance undertook research that explores the industry's current approach to the women's market. The research comprised two parts: individual in-depth interviews with decision-makers at fintech firms, investors, banks and other ecosystem players, as well as a quantitative survey of fintechs and investors. A total of 168 fintechs spanning many consumer-facing industry verticals as well as 30 investors and other ecosystem actors from across 43 countries are represented in the study.

SPECIFICALLY, THE RESEARCH LOOKED AT:

- Fintech firms' awareness of the women's market and the extent to which they're targeting it;

- The business case for fintechs targeting the women's market, including sex-disaggregated tracking of key performance indicators, such as percent of customer base, usage rates, cost of customer acquisition, and lifetime value;

- Customer value propositions and adaptations made to win the women's market; and

- Levers to help fintechs drive women's market development.

Distribution of Survey Respondents, by Industry

21

5

32

Digital
Banking

Insurtech

Payments &
Remittance

37

7

Wealth, Trading
& Personal Finance
Management (PFM)

Digital Identity
& Regtech

35

Credit & Lending

Other

31

Survey Respondents, by Sex

37%
Men
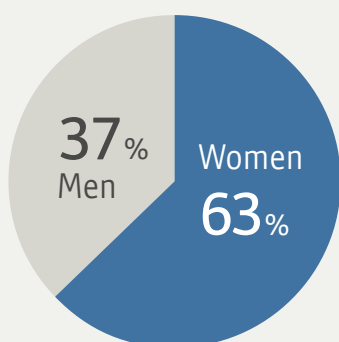
Women
63%

Survey Respondents, by Business Target

57%
B2C

43%
B2B
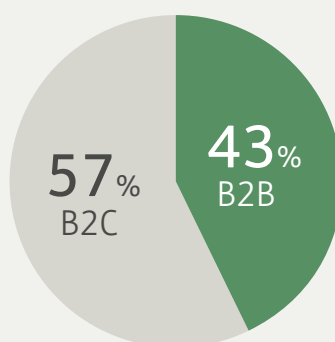
Survey Respondents, by Region

6%
Africa

12%
North America

12%
LAC

16%
Europe

55%
APAC
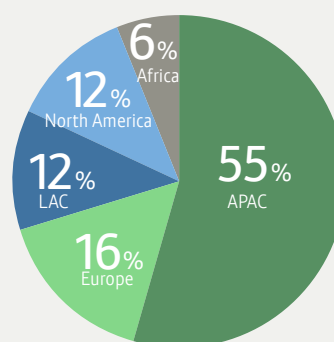
"Women pay back micro-loans at a 95-percent rate versus 75 percent for men. Women-founded businesses raise 50 percent less committed capital but bring in more revenue. So, they perform better and give back more. Women as consumers control 80 percent of global discretionary spending. Why do we not create more products suited to the needs of women? If we serve them better, does this not create a strategic advantage for the company in question?"

– Virginia Tan, Founding Partner, Teja Ventures

Representation of Survey Respondents, by Country/Jurisdiction

Argentina	Denmark	Indonesia	Norway	Sweden
Australia	Dominican Republic	Japan	Panama	Switzerland
Bangladesh	Egypt	Kenya	Peru	UAE
Brazil	Germany	Luxembourg	Philippines	Uganda
Canada	Ghana	Malaysia	Russia	United Kingdom
Cayman Islands	Guatemala	Mexico	Singapore	United States
China	Hong Kong S.A.R.	Mongolia	South Africa	Vietnam
Colombia	India	Myanmar	Spain	
Cyprus	Ireland	Nigeria	Sri Lanka	
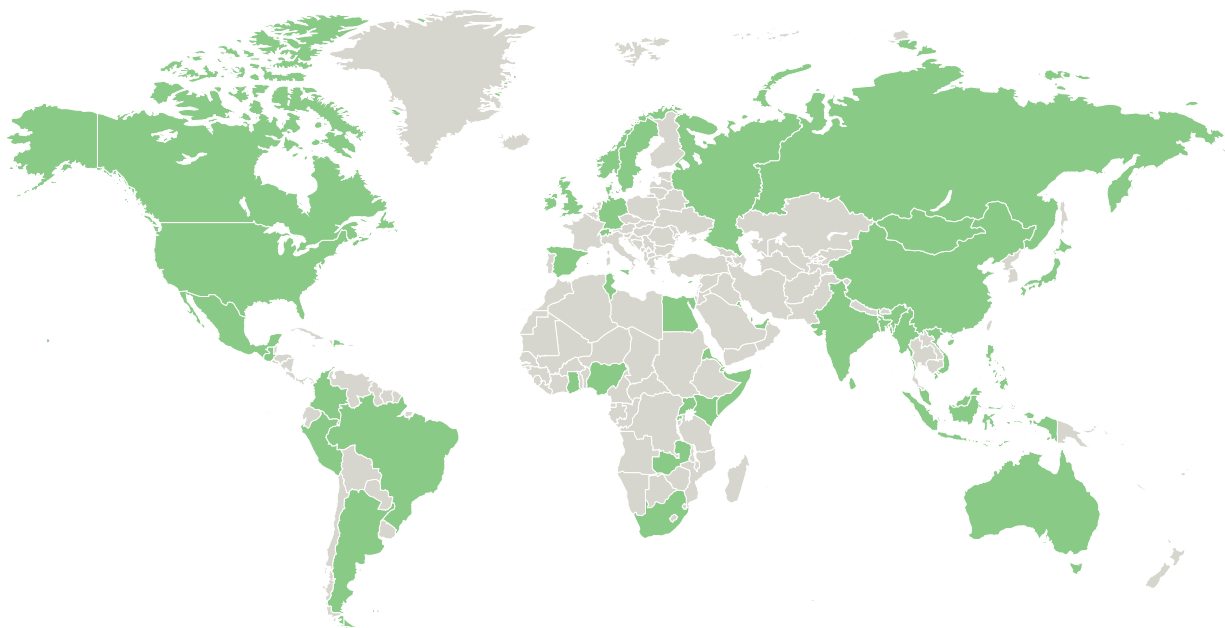
The findings of this study confirm that a significant opportunity exists for fintechs to leverage their inherent advantages to provide financial services to women—especially those who are currently receiving no such services or are dissatisfied with the services they are receiving. Here, we explore how fintechs can better capture this opportunity by collecting and analyzing sex-disaggregated data and using it to design gender-intelligent solutions, as well as how to leverage partnerships, investors, and an enabling regulatory environment to bring their efforts to scale.

EMBRACING THE BUSINESS CASE FOR SERVING WOMEN

Fintechs that track key performance indicators by sex show a compelling business case for serving the women's market. Sixty-four percent of fintechs that collect sex-disaggregated usage data found that female customers have similar or higher usage rates than men (excluding women-focused fintechs[15]).

The picture is similarly favorable for other key performance metrics. The customer acquisition cost (CAC) is key to evaluating a firm's effectiveness at onboarding customers, while a customer's lifetime value (LTV) enables a firm to look beyond short-term data and focus on the long-term profitability of customer categories. The LTV:CAC ratio enables a firm to evaluate the efficacy of its business model and to restructure its marketing and sales activities if the ratio is lower than the industry standard (investors typically want a ratio of 3 or more).

Proportion of Fintechs that found female customers have similar or higher usage rates than men

(excluding women-focused fintechs)

64%
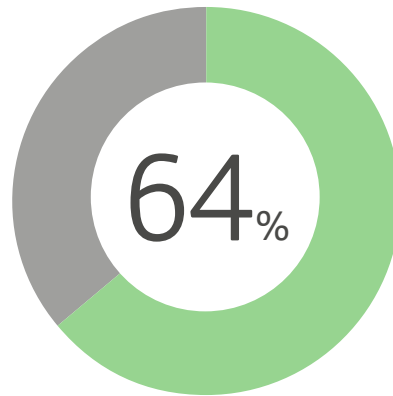
The study found that, of the fintechs that had sex-disaggregated CAC data, 95 percent said that CAC for women was lower or similar to that of men. Of the fintechs that calculate sex-disaggregated LTV, 86 percent said that LTV is either similar or higher for female customers, including 43 percent who reported that LTV is higher for female customers. The higher usage rates and favorable LTV:CAC ratios show that female customers are a profitable and scalable segment for fintechs.

Comparisons of CAC and LTV for Women and Men

(includes fintechs that sex-disaggregate this data only)

95%
Fintechs That Found CAC for Women to be <= That of Men

86%
Fintechs That Found LTV for Women to be >= That of Men.

43%
Fintechs That Found LTV for Women to be > That of Men.
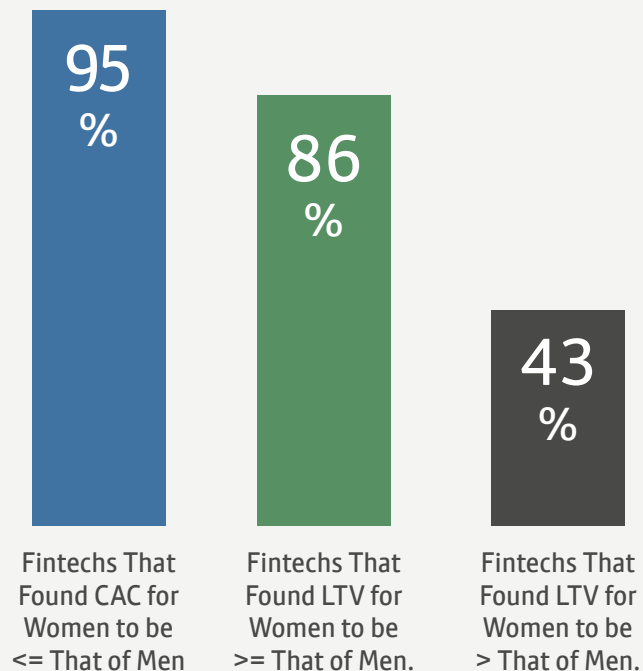
Quantifying the Women's Market Opportunity

In order to assess long-term profitability, fintechs should calculate both the customer acquisition cost, to track the cost of gaining users across all marketing channels, and the lifetime value, to show the average revenue generated by a customer on a one-to-five-year timeframe. The LTV calculation should integrate metrics such as purchases per customer, duration of relationship with customer, and net promoter score. These metrics reflect women's behaviors when served well by financial services providers.

Reasons why LTV for women customers is higher

When asked why the LTV for their female customers might be higher, fintechs reported the primary reasons to be that women are more loyal, have better repayment rates and refer more customers. However, when asked how they currently calculate LTV, fintechs were not always actually incorporating these factors.

Longer lifespan	Women are more loyal customers	Women refer more customers	Women have better repayment rates	Women buy more products
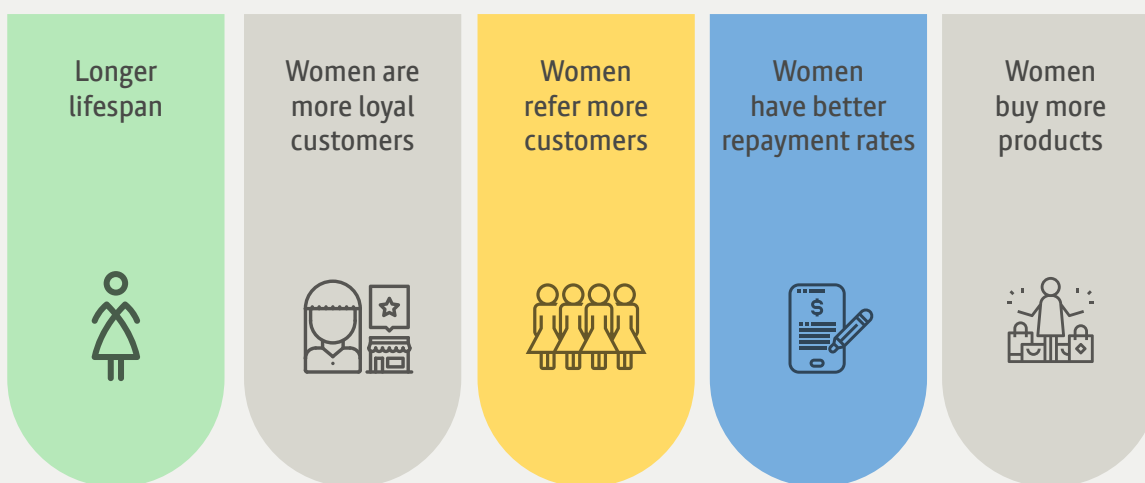
"At TymeBank, women are more active and smarter users of popular services like sending money and grocery store card deposits. We have seen over 60 percent active women users onboard through the TymeKiosk located conveniently in community grocery stores. We attribute our success with women customers to a high focus on disaggregating our gender data for customer onboarding and activity to ensure a focus on under-served women in South Africa. Overall, this has led to a higher NPS of 51 across all customers compared to an even higher NPS of 69 among low-income women."[16]

– Rachel Freeman,
Executive Director and Chief Growth Officer, Tyme , Hong Kong

Creating Awareness of the Opportunity

Getting business-case data in front of would-be investors is of vital importance to fintechs. Sixty-nine percent of investors surveyed believed that having market research and data showing the business case for serving women would encourage them to invest in fintechs catering to the women's market.

However, few fintechs and investors are aware of the size of the women's market opportunity or of women's dissatisfaction with current providers. They're also largely unaware of examples of fintechs' success in the women's market.

Proportion of Investors who Stated that Business Case Data would Encourage them to Invest in Women's Market Fintechs

69%

"Women contribute to a large part of our business. We even target women as agents due to better performance. We estimate that approximately 80 percent of our agents are women, which is a significant reason for the success of Wave Money."

– Brad Jones,
CEO, Wave Money, Myanmar
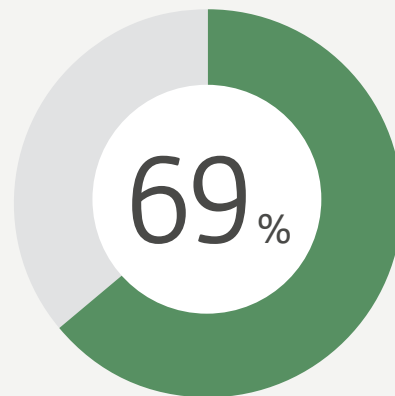
This is where ecosystem stakeholders who are already successful in the women's market—including incumbent financial services providers, fintechs and gender-lens investors—together with fintech associations, regulators and development finance institutions, can help out by:

- Actively raising awareness of the opportunity within the fintech ecosystem;

- Encouraging fintechs to access the data necessary to measure the market potential, including using existing data sources such as Global Findex, Financial Access Survey (FAS) and GSMA Mobile Money Adoption Survey as well as using alternative data, such as from social media, where needed;

- Fostering more market entry through hackathons, accelerators, and partnerships; and

- Asking more investors to urge their portfolio companies to actively target the market.
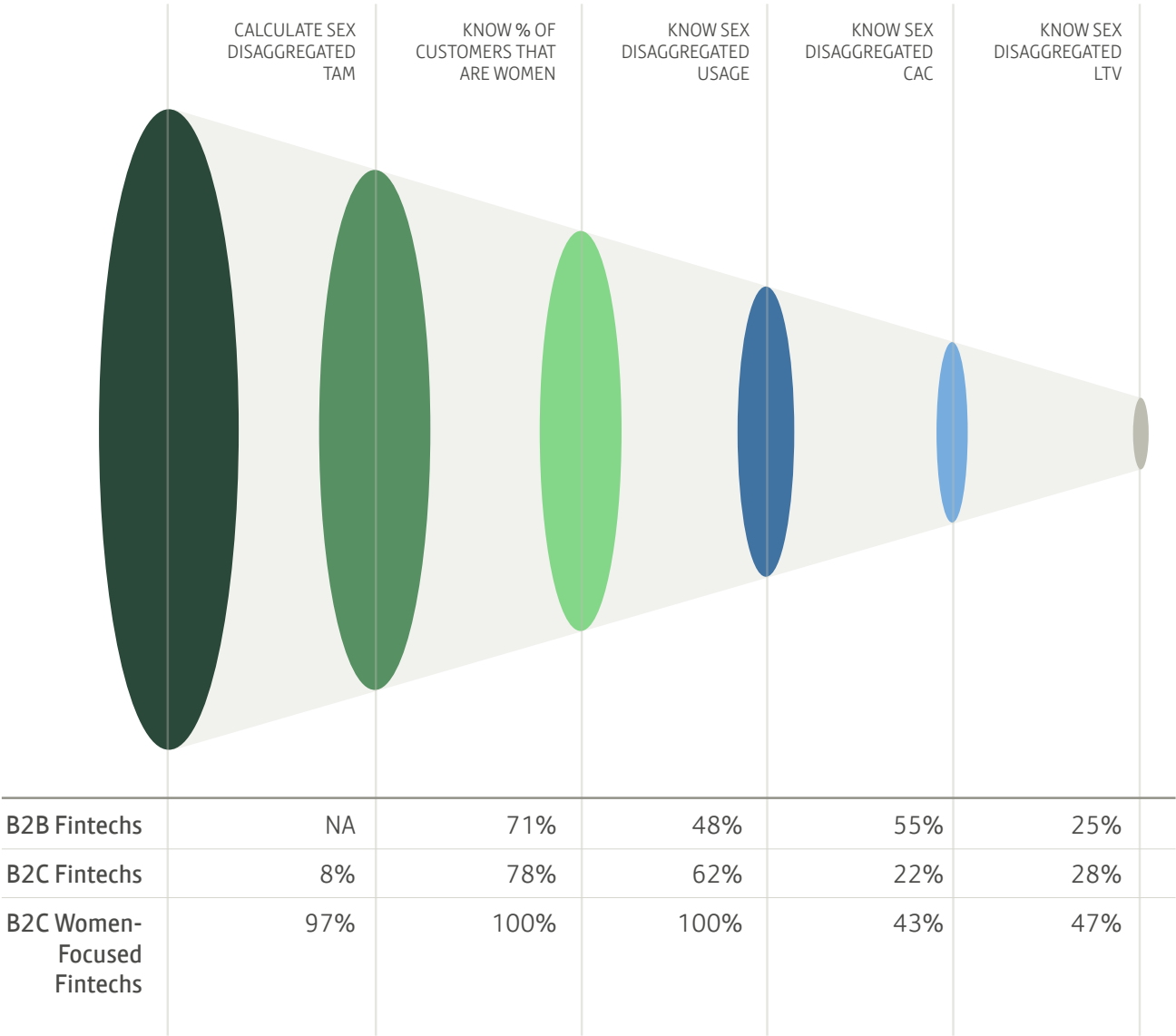
USING SEX-DISAGGREGATED DATA TO DRIVE DECISION-MAKING

The research also revealed that fintechs—often because they are unaware of the business case for the women's market and are therefore developing gender-neutral business models—have not been sex-disaggregating the types of data that are key to making gender-intelligent business decisions. This includes market data such as demographics, household spending patterns and technology adoption rates; fintech-commissioned market research on consumer preferences; and internally generated data about a fintech's own customers, such as usage rates. Neither business-to-consumer (B2C) nor business-to-business (B2B) fintechs in the study excelled at this, with the notable exception of the 30 women-focused companies that created value propositions based on their mostly female founders' experiences and dissatisfaction with existing financial services.

The total addressable market (TAM) is the primary metric that fintechs and investors use to assess a fintech's business potential. Because TAM is estimated early on in a fintech's existence, it shapes the firm's understanding of a market and determines its approach to that market. Yet apart from the companies focused on women, only eight percent of B2C fintechs reported calculating sex-disaggregated TAM.

Meanwhile, although most fintechs (71 percent in the B2B category and 78 percent in the B2C category) reported being able to sex-disaggregate their customer data, a significant percent are still not leveraging it to calculate key metrics that would support their understanding of the women's market, such as product usage, CAC and LTV.

Data Funnel: Percent of Fintechs Sex-Disaggregating Key Data Points

|	CALCULATE SEX DISAGGREGATED TAM	KNOW % OF CUSTOMERS THAT ARE WOMEN	KNOW SEX DISAGGREGATED USAGE	KNOW SEX DISAGGREGATED CAC	KNOW SEX DISAGGREGATED LTV
B2B Fintechs	NA	71%	48%	55%	25%
B2C Fintechs	8%	78%	62%	22%	28%
B2C Women-Focused Fintechs	97%	100%	100%	43%	47%

Uncovering Roadblocks to Data Collection

When asked why they did not have sex-disaggregated customer data, fintechs' answers ranged from not having the resources to capture it to not considering gender an important variable. Some B2Cs responded that they could not get sex-disaggregated data because their electronic know your customer (eKYC) did not require it or their onboarding process involved a third party.

The lack of focus on the women's market is further evidenced by under-investment in market research to understand female consumers' needs and behaviors. However almost half of the investors interviewed said that having research showing that women are underserved and have different needs would help their invested fintechs and the investors themselves to examine the potential of the women's market and apply a gender lens to serve it better.

"We don't ask for any demographic data during sign up, because our app's sign-up process only requires users to enter an email."

– Jonathan Bittner,
Founder, Splitwise

Proportion of Fintechs that Sex-Disaggregate Customer Data

79%
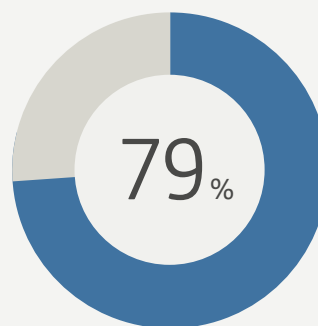
Top Reasons Cited for not Sex-Disaggregating Data

23% Wanted to consider it, but did not have resources to capture it

20% Did not consider gender to be an important variable

17% Data privacy norms regarding use of sex-disaggregated data

10% In pre-launch phase (have not yet launched products)

11% of B2C fintechs use sex as a criterion to segment their market (including women-focused fintechs).

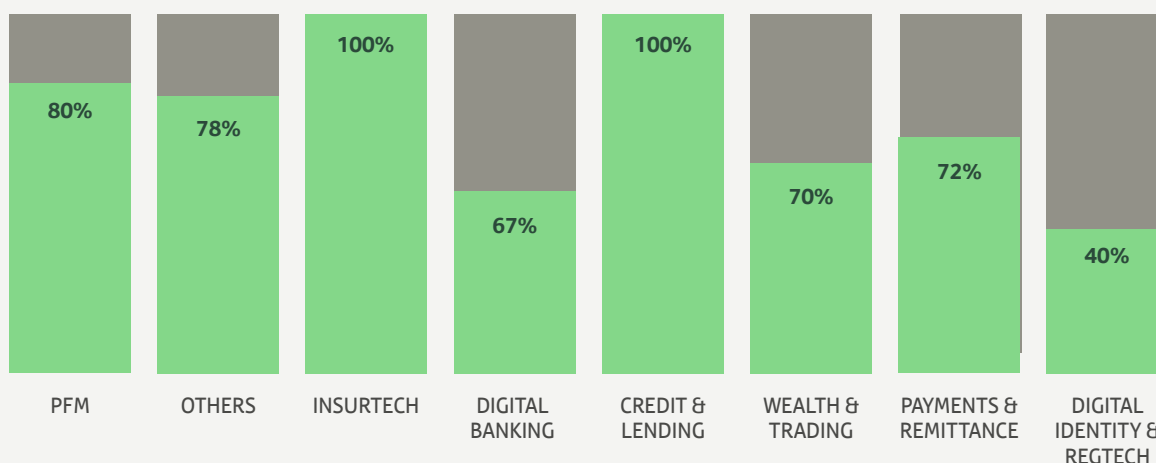**58%** of B2C fintechs do not conduct any market research on female customers.

44% of investors say that having business case research on women will help in product decisions that could help better serve the women's market.
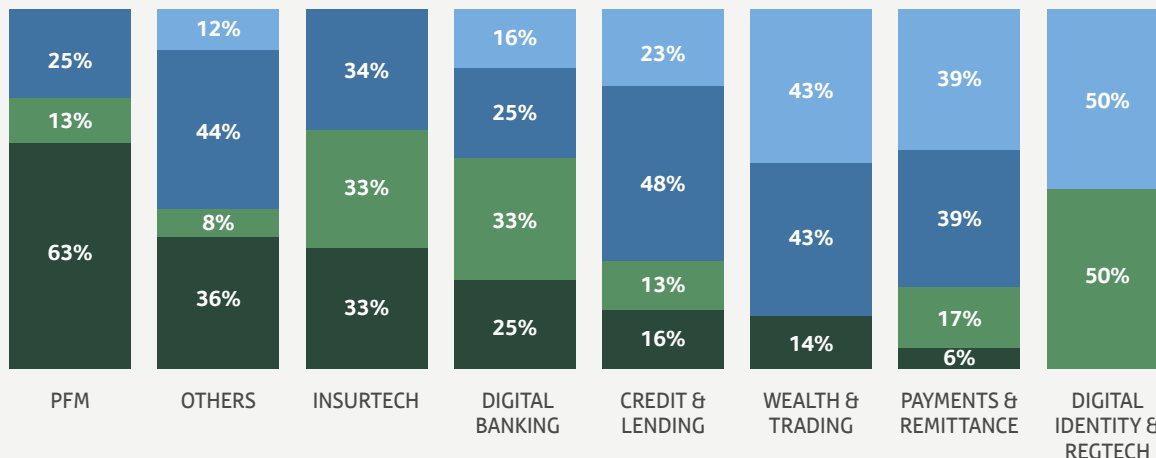
Prioritizing Sex-Disaggregated Data

When sex-disaggregated data is collected, it shines a light on verticals that are doing well in women's markets and those that are missing out. For instance, digital banking and digital identity & regtech fintechs are not collecting sex-disaggregated data at the same proportion as other industry verticals. Of those fintechs that do sex-disaggregate customer data, PFM and insurtech report having the highest proportion of women customers; whereas credit & lending and payments & remittance report having the lowest.

Availability of Sex-Disaggregated Data, per Industry Vertical

Legend: ■ Available   ■ Not Available

PFM	OTHERS	INSURTECH	DIGITAL BANKING	CREDIT & LENDING	WEALTH & TRADING	PAYMENTS & REMITTANCE	DIGITAL IDENTITY & REGTECH
80%	78%	100%	67%	100%	70%	72%	40%

Proportion of women customers, per industry vertical

Category	PFM	OTHERS	INSURTECH	DIGITAL BANKING	CREDIT & LENDING	WEALTH & TRADING	PAYMENTS & REMITTANCE	DIGITAL IDENTITY & REGTECH
<25% women customers	25%	12%	34%	16%	23%	43%	39%	50%
26-50% women customers	—	44%	34%	25%	48%	43%	39%	—
51-75% women customers	13%	8%	33%	33%	13%	—	17%	50%
>75% women customers	63%	36%	33%	25%	16%	14%	6%	—

Legend: ■ >75% women customers   ■ 51-75% women customers   ■ 26-50% women customers   ■ <25% women customers

In order to better address the women's market opportunity, fintechs should be looking at external market data by sex and also be actively disaggregating their own customer data by sex to inform decision-making. While B2C fintechs can configure their onboarding and data-capture flow to collect sex as a variable, B2B fintechs must find creative and innovative ways to get this data. They can seek to get access to sex-disaggregated data as part of their agreements with clients and partners, emphasizing how sharing such data can also benefit their clients and committing to respect anonymity.

TAKING A GENDER-INTELLIGENT APPROACH

Fintechs that are attracted by the compelling business case and collect the necessary data can then put the pieces together to develop an appropriate strategy. This starts with developing a deeper understanding of the market, then tailoring the business model to meet its needs, and working with actors across the ecosystem that are fully aligned.

"We have made our product easy to use by people with very low literacy who are using technology for the first time. Finance is centered around the community rather than individual activity, mirroring how women collaborate to build businesses, and aggregating risk."

– Sofie Blakstad,
CEO, hiveonline, Denmark

Understanding Women's Realities, Needs and Preferences

To effectively capture the women's market, it's important to first understand the differences in how females and males interact with financial services. Fintechs can gain specific insights—including customers' lifecycles and pain points—about targeted sub-segments of the women's market by conducting market research.

On average, women self-report lower levels of financial literacy, have less business experience, have smaller networks, and seek role models. As such, Alliance members find that in addition to finance, women need access to information, education, networks, and recognition.

INFORMATION
- Information about starting or managing a business
- Remote acces/advice at home and on the go
- Lower-priced financial products due to automation
- Fast-tracked access to loans with paperless back office (e.g., cash management, payments hub)
- Improved efficiency of processing (e.g., underwriting, workflow-enabled client on-boarding)
- Financial management tools such as payroll/bookkeeping services

EDUCATION
- Digital financial education and skill building through online tools
- Timely and relevant management information to support decision-making
- Access to alternative/third-party data allowing for improved risk assessment and credit scoring as well as preferential terms, less documentation and faster turnaround
- Advanced data analytics to better understand women's ability to repay

NETWORKS
- Networking platforms that introduce women to potential buyers, suppliers, mentors and innovation
- Online marketplaces offer a ready market for mobility-constrained WSMEs (Women SMEs)
- Digital ecosystems capabilities
- Social networks and communities to drive productivity/connectivity through collaboration

RECOGNITION
- Leaderboards recognizing top women-run businesses
- Loyalty programs recognizing top referrers
- Assistance in creating innovative products to support typical challenges that women face e.g. planning tools for finances for maternity/retirement

Current research shows women to be strong savers who can provide a reliable source of liquidity for fintechs. They're better borrowers than men (women's non-performing loans are 53 percent lower than men's)[17] and yet they have less access to credit, making them a valuable market opportunity. Women are also prudent investors.

For example, Scripbox, a roboadvisory fintech in India whose customer base is more than 28 percent women, found that their female customers:

- Are more disciplined savers (85 percent of women were invested in systematic investment plans compared to 80 percent of men);
- Tend to save more (women saved 15 percent of their salary, compared to men saving 10 percent of theirs); and
- Invest for the long term and stay invested (only 10 percent of women withdrew from their mutual funds ahead of the term, compared to 15 percent of men).

Offering Holistic Customer Value Propositions

Fintechs need to integrate holistic, non-financial solutions into their customer value propositions if they want to capture the women's market.

Seventy-five percent of fintechs in the study reported offering some form of non-financial services, such as financial or business education, financial management, networking and mentoring.

For instance, Basis, an Indian personal financial-management platform and mobile app, offers money-management workshops and designs new features based on feedback gathered through social-media platforms. A poll showed that women found it difficult to calculate amounts needed for different life moments, so Basis built calculators for the highest-priority use cases.

Likewise, fintechs have to move beyond building gender-neutral products, or simply changing the interface design and color to create a "female-friendly" variant of the same service, if they want to tap into the women's market in a meaningful way. Building a gender-intelligent customer value proposition requires a data-driven, tailored approach that focuses on overcoming women's obstacles and solving for their unique life moments that market research has identified and applying appropriate incentives. Some fintechs are already leading the way.

> "The gender pay gap is a reality—women first need to have more access to money, so a lot of our content is focused on better resumes, negotiating higher salaries, etc."
>
> **– Dipika Jaikishan,**
> Co-Founder and COO, Basis, India

Companies Providing Gender-Intelligent Products and Services

WEALTHTECH & PFM
Ellevest (United States), Finmarie (Germany), Smartpurse (United Kingdom), and Basis (India) offer customized wealthtech solutions to women.

PAYMENTS
Wave Money (Myanmar) focuses on women agents to drive their remittance business.

CREDIT
Juancho Te Presta (Colombia) and Kiu Global (Asia) have credit-scoring algorithms that consider women's better repayment behavior; Sheroes (India) uses alternative data to generate credit scores for women.

INSURTECH
BIMA's (Ghana) Teledoctor services uses testimonials from women customers in social media campaigns to reach women.

DIGITAL BANKING
hiveonline (Africa) has customized its products for low literacy levels (which benefits more women); TymeBank (South Africa) allows unbanked women to open bank accounts in five minutes via supermarket kiosks.

Developing Marketing That Appeals to Women

Many financial services providers use a superficial approach to marketing to women (or "pink marketing"), which women dislike.[19] Marketing should be thoughtfully crafted and tailored to women. Communications should be clear, inspirational, focused and inclusive, using imagery and content that build trust and relatability. They should also be consistent with a firm's other external and internal messaging.

Women-focused fintechs reported that word-of-mouth, online and offline community building, and social media ads were particularly effective for targeting female customers. Because women are not a homogenous group, however, fintechs must tailor their marketing to the local market and target segment.
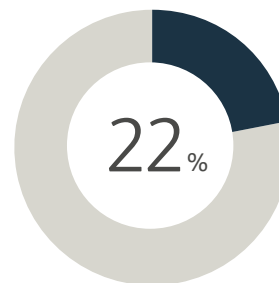
22% Proportion of Fintechs that are Women-Focused
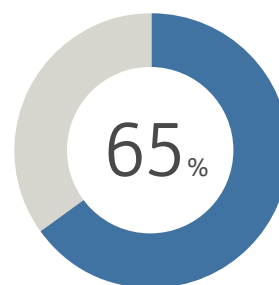
65% Proportion of Fintechs that do not Customize Products for Women

"Due to religion and customs, remote onboarding for women requires that they partially remove their hijab to collect a full facial image. They need a private setting to satisfy that requirement."

– Darryl Tan,
Co-Founder, FinKYCK Inovasi Indonesia (KYCK), Indonesia

Marketing Channels Used by Women-Focused Fintechs vs General

- Women-Only
- General

Channel	Women-Only	General
Word of mouth	80%	36%
Online communities	53%	26%
Offline community and building events	50%	20%
Instagram and Facebook ads	50%	26%
Referral programs as part of your product	47%	24%
PR	40%	25%
Other	10%	8%
Above the line ads	3%	12%
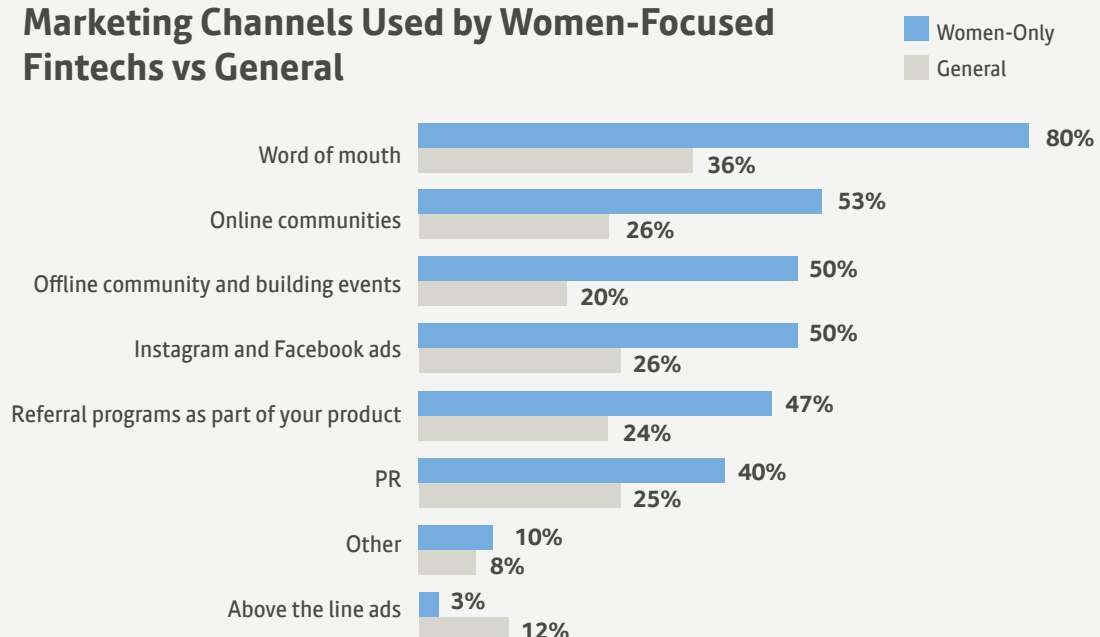
Identifying and Correcting Bias

Fintechs should know that biases sometimes show up in unexpected and unintended ways. They should take the time to identify and understand them, and to correct them as much as possible.

Team Composition Bias
Most fintechs' product and tech teams are less than 25% female, and a majority have male-only founders. This leads to unconscious design bias.

Population Data Bias
Many companies don't have/are not using sex-disaggregated population data to calculate TAM.

Usage Bias
Some fintechs consider activation ratios and usage of products lower for women, although the data suggests otherwise.

Sex-Disaggregated Bias
In many cases, fintechs do not act upon or use sex-disaggregated data.

Algorithm & ML Bias
Machine-learning (ML) algorithms and others used by fintechs may not be constructed keeping women users in mind, and/or the underlying data for the ML might be derived from unrepresentative data.

Profitability Bias
Some fintechs think the women's market is a niche segment, and that the CAC for women is higher, and do not calculate LTV.

Data Interpretation Bias
If the initial users are predominantly men, the fintechs may tailor their propositions more for this dominant segment, rather than research why they have less women users.
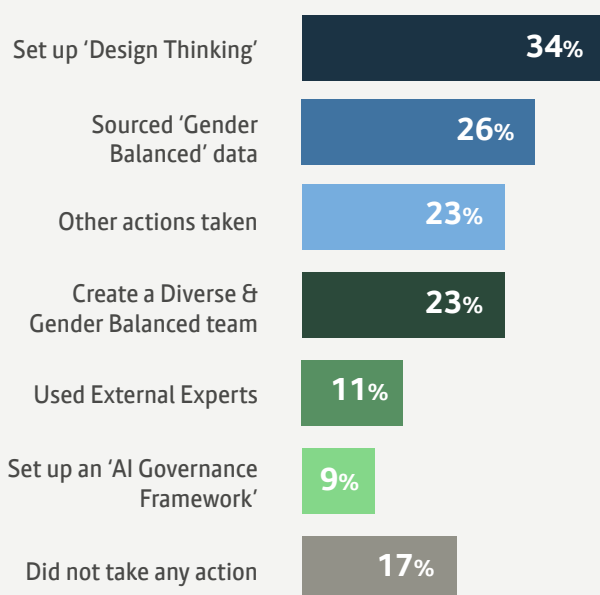
Neutrality Bias
Most fintechs start their journey with what they feel is a gender-neutral approach.

Some examples of how bias shows up, and how it can be remedied:

- **Decision-making:** Many fintechs assume that women are harder to reach and less profitable. Because of this and the need to show "growth at any cost" to investors, they focus primarily on creating services for men. Such decisions should instead be based on sex-disaggregated data.

- **Onboarding:** Research has shown that women tend to require more information and take longer to trust and choose financial services providers.[20] In addition, some women have less mobile phone and internet access than their male counterparts.[21] These factors increase the likelihood that usage data collected in the early stages of a fintech's existence will favor men. Fintechs may then model their "user personas" on this data and develop solutions and product roadmaps to service these user personas, which ultimately alienates potential female users. Fintechs should conduct research to find out if women are taking longer to be onboarded, then find out why, and address those issues, to ensure an adequate representation of women in the sample sets of early adopters.

- **Algorithms:** Artificial intelligence (AI) and machine learning (ML) algorithms are dependent on data. Machine-learning models have been shown to develop significant biases if the underlying data is not gender representative.

- **Representation:** The pervasive lack of women in key roles in fintechs—founders, as well as product design and technology teams—likely leads to unconscious biases during the business modeling and product development processes. Although the Alliance survey showed a balanced ratio of female and male employees overall, the numbers were significantly skewed toward men in key strategic roles. Building a gender-diverse and inclusive organization should be a priority for fintechs and investors alike.

Legend: ■ <25% ■ >51% ▨ 26-50%

Women in Senior Leadership Roles

	B2B	B2C	B2C Women Focused
<25%	58%	58%	17%
>51%	32%	36%	33%
26-50%	9%	6%	50%

Women in Product Development Roles

	B2B	B2C	B2C Women Focused
<25%	62%	54%	13%
>51%	17%	10%	43%
26-50%	22%	36%	43%

Women in technology roles

	B2B	B2C	B2C Women Focused
<25%	78%	80%	37%
>51%	17%	20%	47%
26-50%	5%	0%	17%

The majority of fintechs that were aware of biases reported that they had taken action to resolve them: eighty three percent of such fintechs reported taking actions to try to resolve bias.
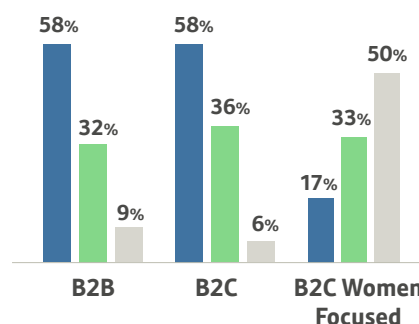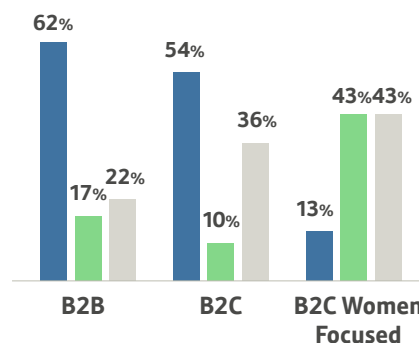
Actions Reported by Fintechs to Address Bias

Action	Percent
Set up 'Design Thinking'	34%
Sourced 'Gender Balanced' data	26%
Other actions taken	23%
Create a Diverse & Gender Balanced team	23%
Used External Experts	11%
Set up an 'AI Governance Framework'	9%
Did not take any action	17%

SCALING UP THROUGH PARTNERSHIPS

In the fintech ecosystem, partnerships across the verticals play a crucial role in the development of the industry. Fintechs can form partnerships with other financial services providers (FSPs), such as banks, and payments and insurance companies; with organizations in other industries, such as telecom and internet service providers; and with ecosystem players, such as government agencies and incubators.
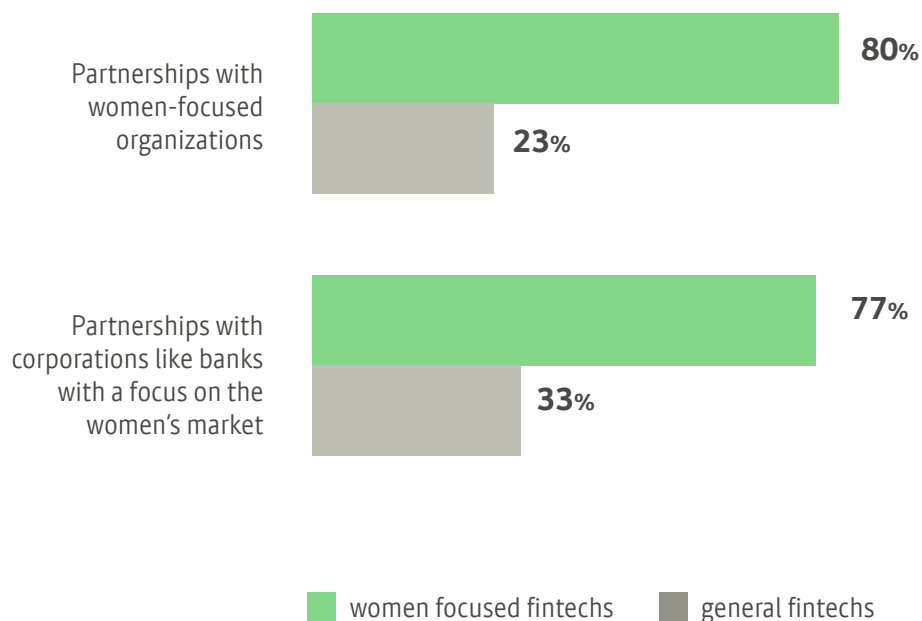
More than 30 percent of non-women-focused fintechs stated that partnerships with banks and corporations with a focus on the women's market would help them target it, and more than 20 percent stated that partnerships with women-focused organizations would be beneficial.

Partnering with Banks

Three-quarters of surveyed fintechs have already partnered with one or more financial services providers (FSPs). The same proportion of Alliance members (all of them FSPs) recently reported having partnered with fintechs. However, only 8 percent of Alliance members are working with fintechs on solutions for the women's market.[22] This speaks to the need for stronger internal communication between women's market teams and those working with fintechs inside FSPs, as well as integrating the topic into the conversation between FSPs and fintechs.

While fintechs bring innovative solutions and agility to the table, as well as better access to certain segments of the market, FSPs bring deep financial services experience and extensive distribution networks, as well as capital and licenses.

Partnerships that Could Help Fintechs Offer Gender-Intelligent Products and Services

Partnerships with women-focused organizations: **80**% (women focused fintechs), **23**% (general fintechs)

Partnerships with corporations like banks with a focus on the women's market: **77**% (women focused fintechs), **33**% (general fintechs)

■ women focused fintechs ■ general fintechs

Fintechs can work with FSPs across the value chain, from automating onboarding to assisting in better decision-making. FSPs can leverage digital KYC firms to onboard women based on alternative validation methods, as well as alternative data. They can use personal-financial-management fintechs to collect data on the wealth needs of female users and build tailored propositions for them. Fintechs can also help with better credit-rating models and data insights on the credit needs of women, to enable banks to lend to more women.

Additionally, FSPs could partner with fintechs to cater to communities that they don't reach or aren't able to service in a cost-effective manner. B2B fintechs and fintechs using white-labelled FSP banking services can provide the aggregate volumes that make it viable for the FSPs to cater to these communities.

Fintech Partnership Models*

Category	Percent
White labelled our solution to another FSP	19%
Joint/co-branded product	17%
White labelled our solution to another fintech	16%
Provide financial education content	16%
Using a solution from an FSP	14%
Other	13%
We do not have any partnerships	27%

* Question was asked only to fintechs that are not B2B fintechs working with FSPs.

"We would welcome the opportunity to partner with a fintech to make our women's market proposition even better, especially, for example, if the fintech has a plug-and-play solution for personal financial management."

– Daniel Gutiérrez,
Senior Vice President, Digital Transformation,
Banco BHD León, Dominican Republic

Bringing Other Ecosystem Actors on Board

A segment of community-focused tech startups—such as Sheroes and Meesho in India, and Shopup in Bangladesh—has been creating online groups for women focused on specific interests such as entrepreneurship and financial advice. Partnering with them offers an opportunity to target female customers at scale. Fintechs can leverage the trust these communities have developed with their users to introduce their products to them and help address their needs. Monitoring community interactions can also help fintechs gain insights about user behavior and preferences so they can further refine or tailor their products or services.

There is an increasing number of startups focused on women as a segment (especially entrepreneurs running small and micro businesses), and all of them are realizing women's need for financial services. Such startups could make great partners for both banks and fintechs that are targeting the women's market.

Meesho*: With more than 2 million women resellers registered in India, Meesho enables them to start a business with no investment.

Sheroes: With more than 21 million registered women users across many Indian cities, Sheroes aims to be India's 'superapp for women', has also launched a peer-to-peer marketplace, and provides loans for women entrepreneurs.

Zilingo*: Working with 75,000 merchants and 6,000 factories across Asia, Zilingo is a B2B marketplace for wholesale buyers and sellers.
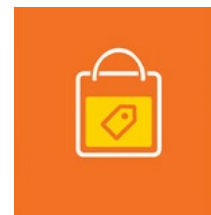
ShopUp*: With more than 200,000 women resellers registered in Bangladesh, ShopUp is a one-stop platform for predominantly women resellers.

* These startups did not participate in the survey. The information provided above was obtained from online public sources.

Mobile operators have also begun partnering with fintechs to offer financial services—ranging from basic payment services to insurance and wealth-management products—to their large customer bases. Telecommunications providers who have sex-disaggregated data can give fintechs access to in-depth user-behavior data that correlates to spending and creditworthiness.

"Money is a big conversation on the Sheroes app. Several fintechs are using the app to listen more deeply to women, have conversations with them, and position their products in a way that builds trust and engagement."

– Sairee Chahal,
CEO, Sheroes, India

ALIGNING WITH INVESTORS

Investors greatly influence the fintech ecosystem by providing funding and guidance to help companies scale.

Interviews revealed that when starting out, fintechs tend to focus on serving early adopters so they can grow their user base as quickly as possible and capture investor interest. Because men are perceived to be early technology adopters (whether this is supported by data or not), fintechs often begin to tailor their products to men. By the time most fintechs are well-funded, unless they have intentionally begun to focus on the women's market, they are well on their way to being caught in a self-reinforcing spiral of catering primarily to male users.

Fintechs would pay more attention to the women's market earlier on, when it's easier to correct course, if investors had an "investment thesis" showing the scale of the opportunity, and encouraged fintechs to cater equally to both sexes. Investing in fintechs with female founders is also important.

Only half of the venture capitalists (VCs) surveyed (representing all funding stages, from seed stage to beyond Series D) were aware that men and women differed on access and use of financial services. Two-thirds said the fintechs they've funded have not created customized products or services for women, principally because they considered their products or services to be gender neutral.

> "As investors, two of the things we look for are: 1) fintech solving specific problems well, and 2) a big targeted market. Solving specific issues in the women's market meets both criteria."
>
> **– Sean Harpur,**
> Partner, Serendipity Capital, Singapore

Banking on Female Founders

When VCs are assessing a fintech investment, an important element in the decision-making processes is being able to identify with the service or product and connect with the pain point being solved for. Because a majority of VC leaders are male more than two-thirds of surveyed VCs have less than 50% of women in their leadership team they may not be able to identify well with the financial challenges faced by women.[23] This reinforces the need for investor education about the women's market.

> "Capital follows capital. The opportunity for the women's market is big enough—so how do we show that the returns are high, while the risks are, in theory, lower? The key is to overcome lack of knowledge and interest, and confront the elephant in the room—which is the false perception of the women's market as comparatively limited, or of women as just beneficiaries and not economic drivers."
>
> **– Virginia Tan,**
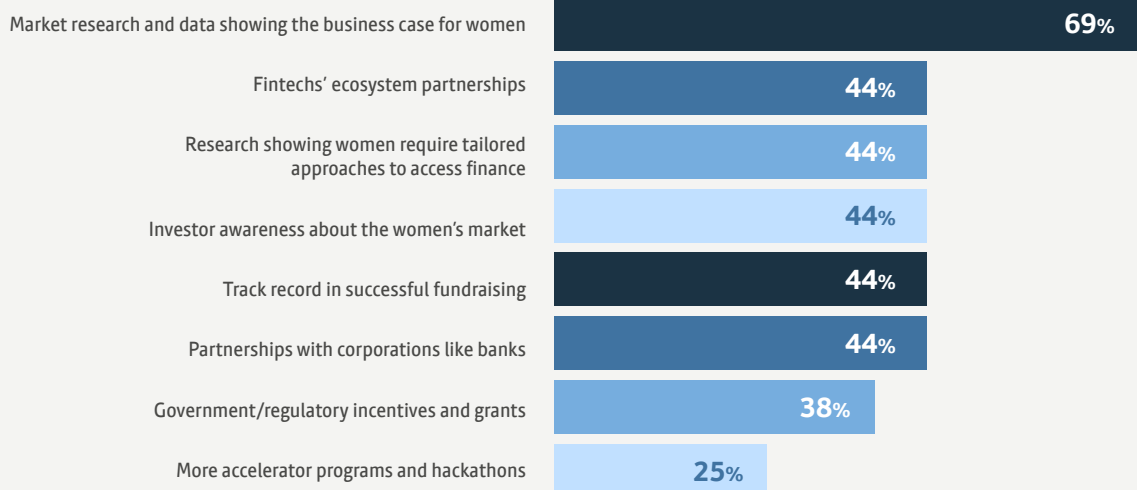> Founding Partner, Teja Ventures

Globally, female founders have received less than two percent of all venture capital invested, despite the fact that startups founded or cofounded by women offer a far better return on investment (more than double that of male-led startups) and generate more revenue.[24] Increased investment in women also results in a more diversified pool of solutions and services.

In the Alliance study, though, nearly two-thirds of the women-focused fintechs (which were also founded primarily by women) reported that fundraising and investor bias were their biggest business challenges. Accelerators and grants have been very important sources of funding for many women-focused fintechs, so boosting such funding can compensate for lower VC funding.

Initiatives such as the Investing in Women Code in the United Kingdom can also help. For the initiative, 66 financial services providers (including banks, VCs, and angel investors) have agreed to report data on the volumes of funding given to women-owned or -led businesses.[25]

Top Actions Considered by Investors to Boost Interest in the Women's Market

Action	Percentage
Market research and data showing the business case for women	69%
Fintechs' ecosystem partnerships	44%
Research showing women require tailored approaches to access finance	44%
Investor awareness about the women's market	44%
Track record in successful fundraising	44%
Partnerships with corporations like banks	44%
Government/regulatory incentives and grants	38%
More accelerator programs and hackathons	25%

"As investors, we work actively towards addressing the gender gap in financial inclusion. We have invested in startups that focus on customized financial solutions for women (e.g., Kaleidofin and AffordPlan). We also commission and support specific research on how more access can be provided to women consumers (e.g., assisted models based on trust). We actively work with our portfolio companies to foster financial gender parity in line with our mission of serving the Next Half Billion consumers belonging to the bottom 60 percent of India's economic distribution."

– Amol Warange,
Director, Omidyar Network, India

ADVOCATING FOR AN ENABLING REGULATORY ENVIRONMENT

On average, nearly 40 percent of fintechs (and 67 percent of women-focused fintechs) responding to the survey said that regulatory incentives and grants hold the greatest potential to help fintechs serve the women's market. Well-coordinated action on the following fronts can therefore significantly increase focus on the female economy.

Gender-Intelligent Policies

Principle-based regulations that are designed to cater to fintech business models, and are sensitive to hurdles faced by women, should be integrated into national financial inclusion strategies. These include progressive infrastructure, customer protection, raising awareness and developing the capabilities of female customers.[26]

Funding and Incentives

Government-to-person digital payments have proven to be an important lever in getting more women to be included in the formal financial system.[27] Tax benefits and other incentives to investors who fund women-founded and women-centered fintechs are also important. Hackathons help create awareness and incentivize fintechs to focus on women, while sharing best practices among fintechs and between FIs and fintechs can help them better serve the market.

Data Collection Regulation

Regulations should facilitate the collection, aggregation, and use of sex-disaggregated data on both the supply and demand sides. This will help everyone gauge the needs of women, their usage characteristics, their level of access, and evidence of policy impacts.

Fintechs stating need for government incentives and grants to serve the women's market

B2B-Bankers/Insurers	B2B-Businesses/SMEs	B2C	B2C-Women Only
25%	30%	36%	67%
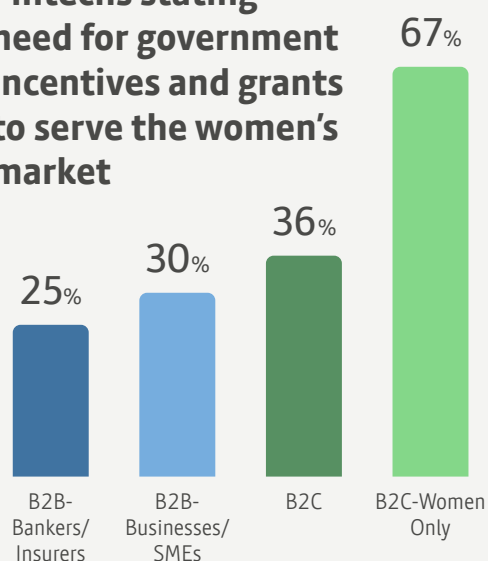
Digital identity

KYC requirements can be a barrier for women. Forty-five percent of women in low-income economies lack foundational IDs.[28] Easing some of the restrictions on minimum document and ID requirements, and tiered KYC requirements, can enable more of these women to get access to financial services.

Consumer Protection

Because trust is a critical element of digital platforms, and women take longer to trust a service, strict guidelines and policies are needed for data protection and grievance redress, especially in cases of fraud. Regulators should also prohibit market practices that may disadvantage women, such as requiring a male signatory when opening an account.[29] (Currently, about 130 countries lack solid legal protection against gender discrimination in access to credit, according to the World Bank's Women Business and the Law database.) They should also consider anti-bias regulations, such as requiring institutions to review data and underlying algorithms.

CONCLUSION

The research shows that the female economy is an enormous market opportunity that fintechs are well positioned to exploit. This is borne out by fintechs already tracking data by sex. The data shows that women have higher or similar usage ratios, lower or similar customer acquisition costs and higher or similar lifetime values. To make the most of this opportunity, fintechs must gather and analyze sex-disaggregated data that can help them scope the market and design, using a gender-intelligent approach, for the distinct segment (s) of women they seek to serve. They must actively seek partnerships with existing ecosystem players who already have enormous reach in the women's market and the know-how to deliver holistic solutions; and they must engage with investors to make the case. While they need to proactively work to create an enabling ecosystem, this is not a one-way street. All ecosystem actors need to mobilize. Together we will democratize access and use of financial services.
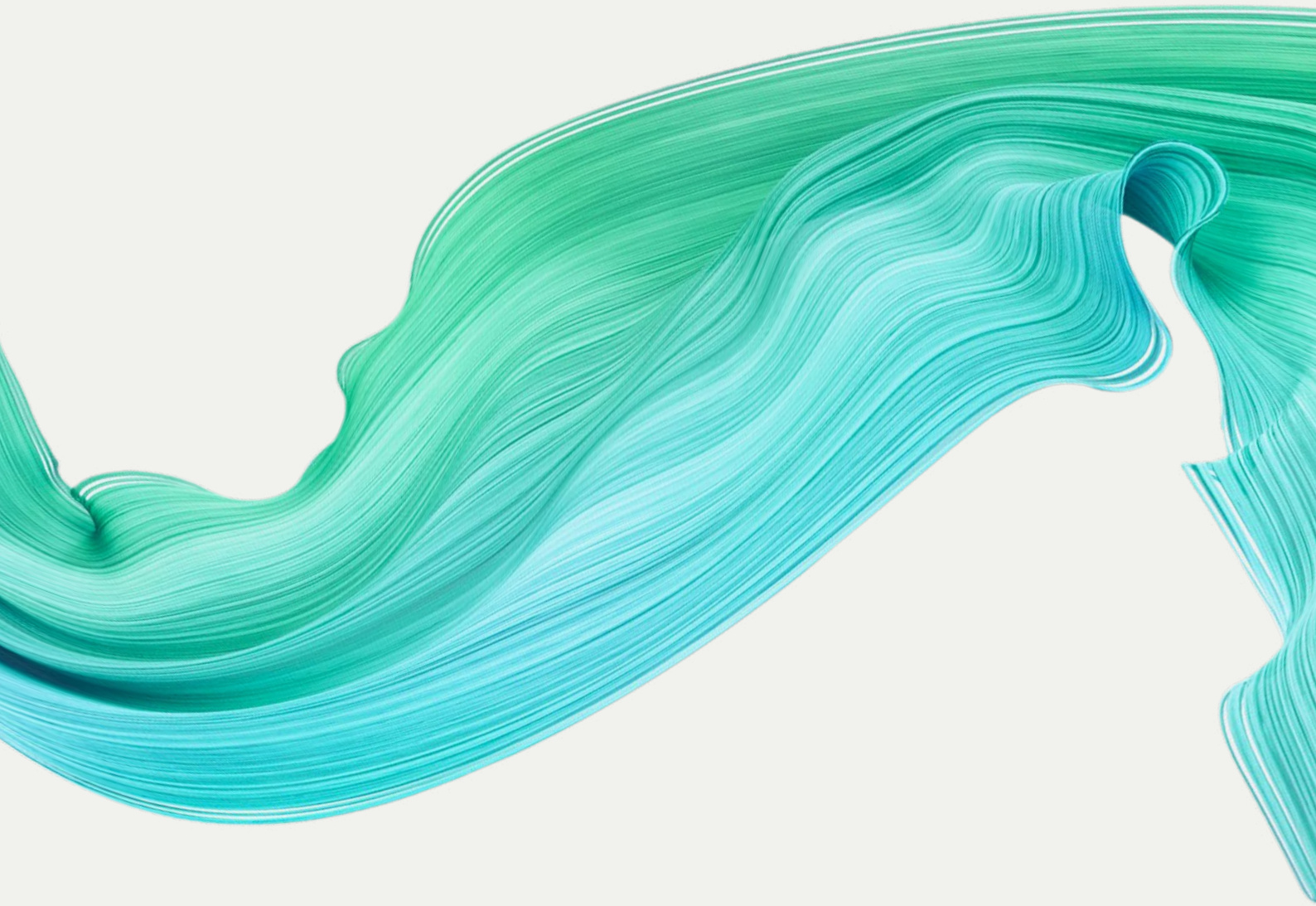
HOW FINTECHS
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Acronyms and Abbreviations

AI   artificial intelligence
B2B business to business
B2C business to consumer
CAC customer acquisition cost
FSP financial services provider
KYC know your customer
LTV lifetime value
TAM total addressable market
VC   venture capitalist

Endnotes

1   Financial Alliance for Women, Member Satisfaction and Engagement Survey (2019).
2   Boston Consulting Group, Managing the Next Decade of Women's Wealth (2020).
3   Frost & Sullivan, "Global Female Income to Reach $24 Trillion in 2020, says Frost & Sullivan" (2020).
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14 The Clearing House, Consumer Survey: Financial Apps and Data Privacy (2019).
15 This study classifies women-focused fintechs as those that answered that women comprise 75 percent or more of their customer base.
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HOW FINTECHS CAN PROFIT FROM THE MULTI-TRILLION-DOLLAR FEMALE ECONOMY