Financial Inclusion for Women

Expanding Mobile Financial Services in India's Garment Sector

Research Report

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March 2018

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About this Report

This report examines the opportunity to expand financial inclusion for women in India's garment sector by increasing women's use of mobile financial products and services. We believe that by increasing women's access and their use of financial products and services, it will be possible to fulfill the promise of financial inclusion to advance gender equality and women's empowerment, improve livelihoods, and spur economic growth.

Our research indicates that mobile financial services provide several benefits that can increase women's use of formal financial services. Some of these benefits are convenience, safety, privacy, and access to more sophisticated services. But to realize these opportunities, women need to be connected to these products and services and trained on how to use them. Furthermore, companies must develop products and services that suit women's needs specifically.

There are two main goals of this report: To highlight the barriers and opportunities to increasing financial inclusion of women in India's garment sector, and to encourage key stakeholders to pursue activities that will increase women's use of mobile financial services.

To meet these objectives, the report is divided into four main sections:

01	**INTRODUCTION:**	Expanding Financial Inclusion of Women in India's Garment Sector. This section illustrates why India's garment sector presents a prime opportunity to invest in and test programs that use mobile financial services and products to close the gender gap in financial inclusion.
02	**DRIVERS, BARRIERS, *and* OPPORTUNITIES:**	Insights on Women's Use of Mobile Financial Services in India's Garment Factories. This section provides insights on the drivers of and barriers to women's use of mobile financial products and services based on BSR's research in the Indian garment sector. It also includes an analysis of India's mobile financial services market today based on the market's potential to meet women's needs.
03	**RECOMMENDATIONS:**	This section outlines recommendations for three major stakeholder groups—brands and factories; financial service providers; and donors, NGOs and financial inclusion experts—to support women's increased use of mobile financial services in India's garment sector.
04	**IMPLICATIONS *of* OUR RESEARCH *for* HERFINANCE:**	This section examines the opportunities for BSR's HERproject to leverage the HERfinance initiative and address the challenges women workers face in actively using financial services.

This report is based on a combination of desk-based literature review, and qualitative research sessions conducted in India by members of the HERproject team. The report was written by Chhavi Ghuliani and Lucia Flores Guevara, with additional inputs from Filippo Sebastio, Eva Dienel, Kritika Sharma, and Christine Svarer. Any errors remain those of the authors. Comments may be directed to Chhavi Ghuliani at cghuliani@bsr.org.

Acknowledgments

BSR would like to thank the following individuals for contributing their time, expertise, and resources used in this research:

Lynn Eisenhart, Pawan Bakshi, and Daniel Radcliffe of the Bill & Melinda Gates Foundation; Joyce Kam and Pamela Mar, Li & Fung; Meghna Talwar, Williams-Sonoma Inc.; Adrian Sherman and Raja Ganesh, The Children's Place; and Marianna Tsien, ANN Inc.

BSR would also like to thank the various participants of the research sessions. Specifically, the women and men garment workers who shared their stories with us, and the management teams of the garment factories who gave us hospitality and honest feedback. The names of the individuals who and businesses which participated in the research are not being disclosed in this report for confidentiality reasons.

Suggested citation

Ghuliani, Chhavi and Lucia Flores Guevara. 2017. "Financial Inclusion for Women: Expanding Mobile Financial Services in India's Garment Sector." BSR.

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Executive Summary

2011-2014

The number of people who owned an account at a financial institution grew by 700 million globally.

2014

The gender gap in account ownership was 18% points in South Asia—the largest in the world.

2015

In India, 58% of women owned at least one bank account, but only 35% of these women were using that account.

Around the world, there has been great progress when it comes to financial inclusion. Between 2011 and 2014, the number of people who own an account at a financial institution grew by 700 million, and the percentage of adults who own an account grew to 62 percent from 51 percent.[1] The 2014 Global Findex database defines account ownership as having an account either at a financial institution or through a mobile money provider.[2] An account at a financial institution can be an account at a bank or another type of financial institution, such as a credit union, cooperative, or microfinance institution. On the other hand, mobile money providers offer accounts that can be accessed through a mobile phone and used to save, pay bills, or send or receive money.

Despite these gains, more than 2 billion adults still do not use formal financial services such as deposit and savings accounts, payment services, loans, and insurance.[3] The majority of the people who don't have access to formal financial services live in the developing world, and women represent a disproportionate percentage of these people. In developing economies, 59 percent of men reported having an account in 2014, compared to only 50 percent of women. The gender gap is largest in South Asia, where the difference in account ownerships between men and women is 18 percentage points.[4]

Recent studies underscore the important role financial inclusion plays in reducing income inequality, improving livelihoods, and spurring economic growth.[5] Sustainable Development Goals (SDGs) 1 (target 4) and 5 (target 7) explicitly call for equal access to financial services as a building block to end poverty and achieve gender equality.[6] For women, financial inclusion can lead to greater financial independence and control over financial resources, giving them more bargaining power at home and influence over family decisions. Moreover, because women typically invest 90 percent of economic resources into health, nutrition, and family education, the financial inclusion of women contributes to long-term prosperity for communities.[7]

Unfortunately, while more women are gaining access to formal financial services—in the form of account ownership—these same women are not using these services as much as they could be. In India, 58 percent of women owned at least one bank account as of 2015, but only 35 percent of these women were using that account, compared to 49 percent of men.[8]
In order for financial inclusion to achieve its promise, women need more than just access to financial products and services, they need to use these services actively and have a say in the decision-making process when it comes to financial decisions in the household overall.

ABOUT THIS RESEARCH

For 10 years, BSR's HERproject has led programs aimed at unlocking the full potential of women working in global supply chains through workplace programs promoting health, financial inclusion, and gender equality.

Recently, our HERfinance initiative—a program dedicated to understanding and closing the gender gap in financial inclusion—partnered with the Bill & Melinda Gates Foundation on research to explore one question: What strategies and programs will be most effective in increasing women's use of formal financial services?

To answer this question, we examined the opportunity to increase women's use of formal financial services in India's garment sector. We focused on India and its garment sector for three key reasons:

1

India has the world's largest number of financially excluded women. Roughly 280 million women in India don't have access to formal financial services, which means that one out of four financially excluded women across the world is Indian.[9] While 60 percent of Indian women have at least one bank account, only 40 percent of women actively use a financial services account of any kind.[10]

2

India has created policies to support financial inclusion. India's government and central bank have made financial inclusion a national priority, and the country's new policies and programs increased bank account ownership by 11 percent between 2014 and 2015.[11]

3

India's garment sector presents an opportunity to reach a large number of low-income women. The garment and textiles industry is India's second-largest employer, and women comprise the majority of the workforce in this sector. Based on our research, most of the women formally employed are paid electronically into their bank accounts, but they nonetheless withdraw salaries on payday and revert to making most financial transactions in cash.

The fact that these female garment workers still use cash for financial transactions illustrates one of the main challenges in achieving true financial inclusion: While most of them now have access to bank accounts, their actual use of financial services remains low. To fulfill the promise of financial inclusion in India, women must not only have access, they must use the wide range of financial products and services that are available to them.

There are two main objectives of this report: to highlight the barriers and opportunities to increasing financial inclusion of women in India's garment sector, and to encourage key stakeholders to pursue activities that will increase the use of mobile financial services among these women. We are planning further research to test the findings of this scoping study, and we welcome feedback from the wider community focused on closing the gender gap in financial inclusion.

OUR FINDINGS:

The promise of mobile and the barriers to overcome

For our research, we conducted qualitative interviews and focus group discussions with garment workers and factory managers, merchants, financial services providers, and other experts. We also engaged in a literature review of industry trends and government policies.

While the scope of our research was narrow, we believe mobile holds promise in closing the financial inclusion gender gap. **In India's garment sector, there is unique potential to increase women workers' use of financial services by providing awareness and education programs about these services, and creating products tailored to meet their needs.**

Mobile financial services are provided by banks or other financial institutions that allow customers to conduct financial transactions remotely using a mobile device such as a cellular phone, smartphone, or a tablet.

For female garment workers, mobile financial services offer a safe and convenient alternative to traditional banks. Mobile also opens the door for women to try more sophisticated services such as insurance and credit.

Our research indicated that several trends are creating an enabling environment for women's use of mobile financial services in India's garment sector. Some of these trends include near-universal access to formal bank accounts and mobile phones, and the rise of India's new Payments Banks, which are newly created financial institutions that are targeted at India's underbanked population. Payments Banks rely on mobile channels and on a network of agents and ATMs to accept deposits; offer remittance services, mobile payments and purchases, debit cards; and other basic banking services. Despite this environment, usage of mobile financial services among women remains low because barriers exist due to a range of cultural, social, and market barriers. Among these barriers are gender norms that result in women being less likely to use smartphones than men, and more likely to lack awareness of mobile financial services. Women also are less likely to have access to education than men, which makes it more difficult for them to engage with and adopt new technologies as quickly. Additionally, many women and men shared with us that it is considered a man's responsibility to manage finances.

We also learned that India's current mobile products—and the ecosystem supporting mobile in general—are not meeting the specific needs of female garment workers fully. Most women still make payments in cash because so few schools, utility companies, and other merchants they use regularly offer digital payment options. In addition, many women are not yet comfortable using these products and services, and require support from mobile financial services providers to help them open accounts, make deposits, send remittances, and withdraw cash. Women might be more inclined to use these products if providers introduced options that met their needs more effectively and were easier to use.

RECOMMENDATIONS:

To leverage mobile phones to increase women's financial inclusion

Financial services offered through mobile channels, such as basic phones and smartphones, hold promise to increase women's use of financial services by offering accessibility, security, and convenience. To realize the full potential of this niche, providers must develop relevant products that meet women's needs, and women have to be introduced to such products and services and trained on how to use them.

This report outlines actions that three different stakeholder groups can pursue to support the uptake of mobile financial services among women workers in India's garment sector:

Financial Services Providers

Financial services providers can work on merchant acquisition to digitize the payment streams women use, develop products that meet women's specific needs, and provide them with necessary training to feel comfortable with and use mobile financial services.

1

Apparel Brands and Factories

As employers of a significant number of women, apparel brands and factories can offer an access point to connect low-income women to mobile financial products and services. They also can provide the space for training women.

2

Donors, Experts, and NGOs

Donors, experts, and NGOs should work together to leverage their knowledge of the needs of women, intra-household patterns, barriers, and opportunities. Collaboration also can help devising solutions to overcome non-financial barriers such as social norms. In addition, these groups can commission in-depth research focused on the financial inclusion of garment workers, and women specifically, both to prove our conclusions in this report, and to develop robust evidence for strategies and programs that can be implemented by the government, the private sector, and other stakeholders on a large scale.

3

INTRODUCTION:

Expanding Financial Inclusion of Women in India's Garment Sector

In India, **only six in 10** women have a savings account in their own names. That means there are an estimated **280 million unbanked** women. Some might say this makes India the world's capital when it comes to financially excluded women.[12]

Despite these figures, India's recent changes in regulations and policy are addressing many of the barriers low-income women face in accessing and using mobile financial services. These changes also are supporting a move to mobile financial services, which has the potential to increase women's use of financial products because mobile offers more convenience, safety, and privacy, and it can open the door for women to access more sophisticated products and services.

HOW INDIA'S REGULATIONS SUPPORT FINANCIAL INCLUSION

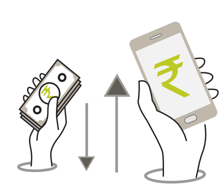
In recent years, India's government and its central bank have made financial inclusion a national priority and have implemented a number of policy and regulatory changes to support universal financial inclusion. Changes span a gamut of issues:

Basic Savings Accounts. With an aim to provide a bank account to every household, India's national financial inclusion strategy, Pradhan Mantri Jan-Dhan Yojana (PMJDY), has reduced documentation requirements for people to access basic banking services such as credit, insurance, and pension facilities. This change also enabled people to receive government benefits directly into their accounts. Since the 2014 launch, about 290 million accounts have been opened under the PMJDY program,[13] covering more than 99 percent of households.[14]

Biometric Identification. Without formal ID, many Indians struggled to open a bank account. In response, the government launched Aadhaar, the national biometric identification system that provides every Indian citizen with a unique identification number linked to their fingerprints and retinal scan. Aadhar has the potential to accelerate the financial inclusion of low income populations with no formal ID since it can be used instead of paper documentation.

Payments Banks. In 2015, the Reserve Bank of India approved the creation of Payments Banks, which are branchless institutions that provide basic banking services[15] through a combination of digital channels and a network of agents that extend bank services to communities and homes. These banks are primarily intended to reach low-income and underserved customers.

The "Less Cash" Economy. In 2016, India's prime minister announced the demonetization of 86 percent of the cash in circulation.[16] That same year, employers were allowed to pay workers digitally without asking for prior written authorization. As a result, cash has been nearly eliminated from factory payrolls and workers are now paid directly in a bank account. This is helping accelerate the uptake of mobile financial services in one of the world's most cash-reliant economies.

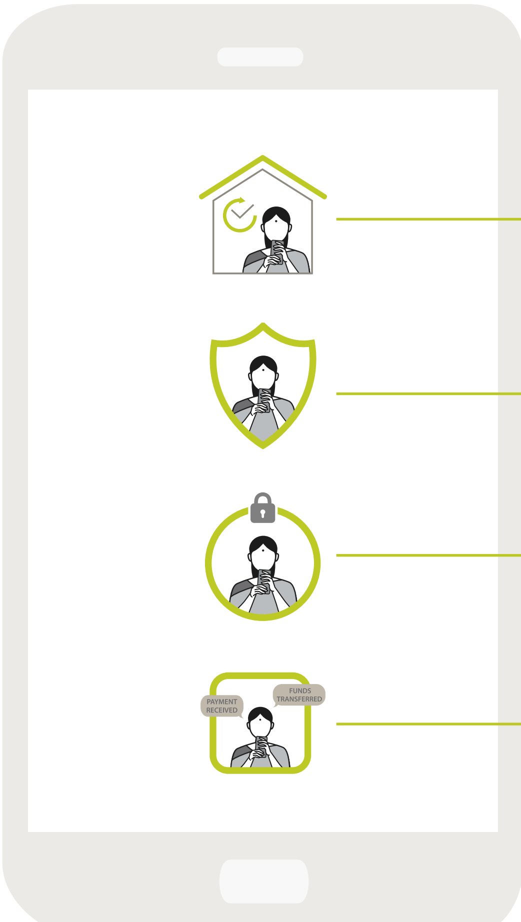


The effect of these changes has been mixed. On one hand, bank account ownership increased to 63 percent from 52 percent of all adults between 2014 and 2015, and the proportion of Indian women with individual accounts in formal financial institutions reached 61 percent in 2015, an increase from 48 percent in 2014.[17] Unfortunately, there is a gender gap in account usage as Indian women still lag behind by eight percentage points in account ownership, and fewer than four out of 10 Indian women actively use their bank accounts.[18] Adding insult to injury, just a year after demonetization, 99 percent of the banned high value notes were returned to the banking system, and cash use rose to the levels they were at before demonetization.[19]

These outcomes could be attributed to the fact that government initiatives to encourage cashless payments did not incorporate financial education, the targets for opening bank accounts were set for households instead of individual accounts for women, and that current policies are gender-neutral.[20] Coupled to that, Indian adults lack awareness of mobile money, have low SIM-card ownership, and don’t have strong incentives to use cashless modes of payments since most merchants don’t accept them.[21] To achieve true financial inclusion of women, efforts must move beyond access-oriented measures to focus on actual usage of financial products and services by the underbanked women to whom they are supposed to cater. Our research indicates that a combination of awareness and training, efforts to increase merchant acceptance, and the introduction of new products that meet women worker’s needs better meet advance women’s use of mobile financial products as well.

WHY MOBILE MATTERS FOR FINANCIAL INCLUSION

While digital financial services can be offered in many forms—including ATMs, point-of-sale terminals, and debit cards—mobile financial services, the financial services offered through a mobile phone, deliver several benefits that could make adoption more widespread among female garment workers in India:



Convenience.
Mobile financial services eliminate the challenges women face in finding time and transportation to access traditional brick-and-mortar banks.

Safety.
Using mobile at home can remove the need for women to travel to and from the bank. Using mobile also reduces the risks women face in traveling with cash.

Privacy.
Mobile transfers can allow for greater privacy and control than cash. This additional control could help women gain more decision-making power in the household.

Access.
Access to more sophisticated services. Mobile financial products such as mobile payments can make banking easier because of their greater accessibility, mobile payments present greater scaling potential among low-income population than traditional banking.[22] As these women become more comfortable using mobile payments, they may be more likely to try more sophisticated financial products and services such as insurance and credit.

With 616 million unique mobile subscribers, India is the second-largest mobile market in the world.[23] The overall penetration rate of mobile phones in India for unique subscribers is expected to grow to 68 percent by 2020 from around 50 percent today.[24] It is worth noting this data encompasses both women and men, and that the numbers are not restricted to the number of people who own a mobile phone, but rather to the number of people who are subscribed to a mobile service. However you look at the data, phone ownership and use have increased dramatically in the past two years: In 2015, 184 million Indians had a feature phone;[25] today, around 500 million have one.[26]

India is also the world's fastest-growing smartphone market: In 2016, 275 million Indians had a smartphone, and that number is expected to grow to 688 million by 2020.[27] Mobile has become the dominant platform for internet access in India, and 4G is forecast to grow to 280 million by 2020 from a connection base of 3 million at the end of 2015.

For all these reasons, we can expect financial services offered through mobile channels to become increasingly popular among women. However, in India the gender gap in mobile phone ownership is 36 percent, which translates into around 114 million fewer women than men who own mobile phones.[28] Therefore, to realize the potential of mobile financial services, women need to be trained on how to use them, and products and services must be tailored to meet their needs. There's also a need for the financial inclusion community and government initiatives to focus more on getting women to use their accounts. For example, a significant number of the accounts opened under the PMJDY program remain dormant.[29] We believe investments to build out the mobile ecosystem, by allowing women to use mobile financial services in their communities, will enable greater use of accounts and will help women "graduate" to more advanced financial services.

THE GARMENT SECTOR'S POTENTIAL TO ADVANCE FINANCIAL INCLUSION

Given the importance of the garment sector to the Indian economy and considering it employs mostly women and pays them through deposits into formal bank accounts, India's garment sector has a prime opportunity to expand the use of financial services among millions of women workers.

After agriculture, the garment and textiles industry is India's second-largest employer, directly employing more than 48 million women and men,[30] and contributing to about 19 percent of the industrial workforce and 5.2 percent of India's GDP.[31] Within that industry, the readymade garment sector employs 12 million workers,[32] mainly in urban and semi-urban clusters where workers are mostly in the 20–40 age group.[33] It also offers more formal employment opportunities. The largest garment manufacturing centers are in Bengaluru (Karnataka), Tirupur and Chennai (Tamil Nadu), and the National Capital Region (NCR).

Nationwide, female participation in the garment and textiles industry is approximately 60 percent,[34] excluding home workers employed on embellishment, embroidery, and other skilled jobs. In the north, the industry employs mostly men, whereas the southern hubs of Karnataka and Tamil Nadu employ a majority of women. For many of these women, garment factory work is a unique opportunity to earn formal, salaried wages and contribute to the financial well-being of their households.[35]

We are focusing on the Indian garment sector to expand the use of mobile financial services among millions of women workers for the following reasons:

- **The garment sector allows us to reach a large number of low-income women:** Women comprise the majority of the workforce in this industry. Many garment factories are located in a small geographic areas and women convene in these workplaces for eight to 10 hours a day every week. This level of aggregation offers the potential to promote the financial inclusion of a large number of women in a cost-effective way.

- **Women formally employed in the Indian garment sector already have access to financial services and products but usage of such products remains low:** Despite the fact that women garment workers are being paid through digital deposits into bank accounts, they continue to conduct mostly informal transactions and are not benefiting from the financial products available to them fully. The garment industry is a good platform to design and pilot products that can appeal to low income women employed in other industries and, more generally, to women with a similar household income.

- **BSR has deep expertise implementing HERproject in the garment sector:** For the last 10 years BSR's HERproject has worked with more than 50 international companies and 600 suppliers to reach more than 700,000 women. Most of this work has been in the garment industry, and our deep knowledge and expertise in this sector enables us to collaborate with service providers to ensure they meet the unmet needs of women workers.

For all these reasons, India's garment sector has a prime opportunity to expand the use of mobile financial services among millions of women workers.

ABOUT THE BSR HERFINANCE PROGRAM AND THIS RESEARCH

An initiative of the BSR HERproject, HERfinance aims to leverage workplace programs promoting financial inclusion to unlock the full potential of women working in global supply chains around the world. The goals of HERfinance are: (1) To ensure the poor—particularly women—have the proper knowledge of, skills for, and attitudes about financial services; and (2) to provide access to useful and affordable financial products and services to enable these women to participate in the formal financial sector.

In 2015, HERfinance partnered with the Bill & Melinda Gates Foundation to deepen the financial inclusion of women in readymade garment factories in India and Bangladesh. We chose these countries because HERfinance has a well-established brand network in India and Bangladesh. There also is a significant gender gap in financial inclusion in South Asia,[36] giving us another opportunity to analyze the challenges and identify possible solutions there.

In Bangladesh, we are working directly with garment factories to support their transition from cash to digital payrolls, allowing workers to receive their wages instantly and transparently into formal bank accounts. In India our research took a different focus because garment workers already receive their wages through a digital system. There, we focused on understanding the main barriers to active use of financial services among women workers, and how mobile financial services can help address these challenges and encourage more advanced use of financial services among women over time.

Our research in India also is helping us refine the HERfinance program, and we are sharing it more broadly through this paper because we believe our findings will be insightful for financial service providers, factories and brands, donors, NGOs, and technical experts working to close the financial inclusion gender gap.

This report reveals our findings to date, including the barriers and opportunities to increase the use of mobile financial services among female garment workers, and how key stakeholders can support women's use of mobile and thus advance financial inclusion among women in India's garment sector.

DRIVERS, BARRIERS, AND OPPORTUNITIES:

Insights on Women’s Use of Mobile Financial Services in India’s Garment Factories

Through our research, we learned that increasing access to formal bank accounts and ownership of mobile phones, as well as the rise of Payments Banks, can drive women’s use of mobile financial services in India’s garment factories. At the same time, barriers exist: Smartphone ownership among women is low, many women lack awareness of mobile financial services, and other factors such as low literacy levels and social and gender norms are preventing women from using these services.

In this section, we look at the drivers and barriers to women’s use of mobile financial products and services, and the supply of the products and services in India’s market today. We also analyze the potential of these products and services in meeting women’s needs.

DRIVERS TO INCREASE WOMEN'S USE OF MOBILE FINANCIAL SERVICES

Among the women we interviewed, use of mobile financial services was low when compared with male workers'. We asked women respondents how mobile financial services could help them overcome some of the challenges they experience using traditional financial services. Based on our research, we believe that by understanding these opportunities and advancing their potential, mobile financial services providers can develop products that cater to the needs of women workers. In this section, we outline some of the factors that could drive women worker's use of mobile financial services.

Time savings and convenience. Using cash can be inconvenient and time-consuming. In addition to working six days a week in factories, women shoulder most of the responsibility for unpaid work with family and at home.[37] The women we interviewed reported waiting in long lines to withdraw money from ATMs and pay bills, and they expressed frustration with bank branches being closed on Sundays—their only day off. Given the banks' limited opening hours, many women said they were forced to take unpaid leave to visit their bank branches to make certain transactions.

As an alternative, many women told us they give their personal identification codes to male family members to withdraw money for them. This practice leaves the women with less control over their finances. It also presents privacy issues.

The bottom line: Between work and family obligations, women have very little free time. Some refer to this phenomenon as "time poverty," and it is a real problem for women in India. Jyoti, a female garment worker in northern India, told us she is so busy with her responsibilities that she has her son or husband withdraw money from the ATM on her behalf. "I do not have time," she said. "Sometimes there is no money [in the ATM], or, if there is money, there is a long queue in front. After going home, I need to cook food and help my kids [with the homework]."

Mobile financial services could reduce the challenge of time poverty by giving women the freedom to conduct financial transactions when and where it is convenient for them. Ranjni, a female garment worker in Tirupur, told us that using her banking app to transfer funds takes just 10 minutes—compared to the six hours it used to take her to go to the bank.

> "I do not have time, sometimes there is no money [in the ATM], or, if there is money, there is a long queue in front. After going home, I need to cook food and help my kids [with the homework]."
>
> Jyoti,
> A female garment worker from northern India

Mobility. In India, women face mobility constraints because of their gender. Norms dictate that often women need to be accompanied by a man to go to a bank, or that it is not acceptable for women to travel alone to visit a male agent.[38] One woman we interviewed said that it was not safe for women to travel alone, while other women said the male heads of their households wouldn't allow them to do so. This hinders access to banking and mobile financial services can solve the mobility barrier by allowing women to conduct transactions from their homes.[39]

Safety. Workers often find themselves carrying large sums of cash to make payments or to save at home. This leaves women particularly exposed to the risk of theft or loss, and many women mentioned they felt uncomfortable carrying money while traveling alone. Raddha, a female garment worker from Bengaluru, told us: "It's painful [to pay school fees]. I have to take leave from work and I am worried about carrying cash with me to the school. How can I carry so much cash and take a bus to the school?" Mobile financial services can limit this risk by allowing women to conduct cashless transactions to pay for services and utilities from their phones.

Tendency to save. Women respondents told us that when they received cash wages, they were more likely to spend their money and less likely to save. While direct deposit of wages does increase a women's tendency to save,[40] this could be further enhanced by enabling women to conduct cashless transactions. This could encourage them to keep larger portions of their salaries in their accounts instead of cashing out everything on payday. Mobile financial services providers could achieve this by acquiring more local merchants to accept cashless payments and by promoting mobile accounts that offer interest rates on savings that match or exceed what is offered by traditional banks.

Radha H P, Garment Worker, Bengaluru.

Cost savings. Many garment workers remit money to family members through agents who charge commissions. These fees could be avoided if workers have mobile money accounts and the capability and knowledge to use those accounts to conduct financial transactions on their own. Banupriya, a garment worker from Perundurai, said the prospect of saving money by not paying an agent fee is an incentive for her to learn how to use mobile payments and to adopt this technology. "I feel that I could learn it," Banupriya told us.

High rates of access to mobile phone. Perhaps one of the most significant factors to support women's use of mobile financial services is the fact that nearly all Indian adults have access to a mobile phone, either because they own one or because they borrow one from family and friends.[41] Among the workers who participated in our research, basic phone ownership was universal. While smartphone ownership was limited, they are becoming increasingly accessible to individuals on a garment worker's salary. In fact, in some mobile phone shops we visited, even in less densely populated areas, it was difficult to find basic phones and the merchants explained that this was because the price difference between basic phones and smartphones was decreasing dramatically.

BARRIERS TO WOMEN'S USE OF MOBILE FINANCIAL SERVICES

Despite these enablers, there still are many barriers to women's use of mobile financial services, including gender norms, low levels of digital literacy, lack of awareness of these products and their benefits, and distrust of mobile financial services. Another obstacle: The limitations of some mobile financial products, including the facts that some don't offer an interface for basic or feature phone, and that some apps are not available in local languages. Finally, the small number of merchants that accept digital payments limits the incentives for workers to adopt these technologies. Here's a closer look at some of the greatest barriers:

Gender norms limit women's use of mobile technology. Usage of mobile phones was very basic among women who participated in our study: Even those who had a smartphone barely used it for things other than to make calls. This could be explained by the same norms that account for the gender gap in literacy[42] and education levels in India.[43] Further research is needed to understand how gender norms overlap with the ability of women to use these technologies.[44]

Gender norms that affect the intra-household processes and bargaining. Most women we interviewed followed traditional Indian gender roles that posit women administering the money (running errands and paying bills) and men deciding how to spend it. Many women interviewed, especially married women, told us they tended to give their personal identification numbers and ATM cards to their husbands or other male family members who would then conduct financial transactions. In this scenario, the male heads of households take the women's incomes and give them discretionary allowances for food, clothing, and school fees. Rakesh Kumari, a garment worker in Delhi, said: "My husband manages everything. I manage the household. I cook food and teach my son. I pay other bills, clear rents."

Despite earning their own incomes, Indian women still are less likely than men to make decisions on how those incomes are allocated.[45] These bargaining inequalities are underpinned by deeply rooted norms about gender roles and responsibilities.[46] Relying on men can further reinforce these gender inequalities, giving women less autonomy over financial and household decision-making and limiting their ability to save. This practice also raises privacy issues in cases where women do not want to disclose their salaries and savings balances. It also makes it more difficult for women to learn about new financial technologies.

Rakesh Kumari, Garment Worker, New Delhi.

Phone costs and features put services out of reach. While smartphones increasingly are within reach on a garment worker's salary, women workers perceived smartphones as being expensive. In addition, women workers said they were concerned about the high costs associated with using the phones. In India, 3G services are expensive, and service providers focus mostly on urban areas to maximize profit potential, which explains why workers in South India were less exposed to mobile financial services than people in Delhi/NCR.[47] High costs also are a barrier because many providers offer services that require good network quality and coverage—neither of which is available in all parts of India.

Most women working in garment factories struggle with reading and writing and have poor knowledge of English. Existing mobile money apps are not always available in local languages. These apps are targeted to the middle class and therefore not designed for users with low literacy levels. Also, many mobile financial services platforms are not available in basic or feature phones, which bars women who don't have smartphones from using them.

Workers lack awareness of mobile financial services and they are afraid of using them. Workers in North India, particularly in the Delhi/NCR area, have a more sophisticated understanding of mobile financial services, regularly transferring funds from their bank to mobile wallet apps. In South India, however, none of the workers we interviewed reported making mobile payments. Use of mobile financial services in the south was limited to checking balances on banks' mobile apps.

In Bengaluru and Tamil Nadu, where most of the workforce is female, very few workers had heard of apps such as the Paytm wallet—the largest mobile payments platform in India (280 million users[48]). In comparison, Paytm had nearly universal name recognition among both male and female garment workers in North India. (Until recently, Paytm has been targeting the densely populated area of Delhi/NCR).

Lack of awareness and exposure lead many workers to be afraid to conduct mobile transactions because they had heard stories about unsuccessful transactions, missing balances, and technical glitches. Vellangiri, a married male garment worker in Tirupur said, "A small mistake can cause my money to be dropped into wrong accounts." This challenge speaks to the fact that mobile financial services have not yet gained the credibility that traditional banks have among the workers. "[Mobile wallets] are not a bank," said Azad, a single male garment worker from Delhi/NCR who limits use of his mobile wallet to bus, auto, and grocery expenses. "Banks are an old traditional institution, which our ancestors have been using for ages. We cannot keep both in the same bracket."

> "A small mistake can cause my money to be dropped into wrong accounts."
>
> Vellangiri,
> A male married garment worker
> Tirupur.

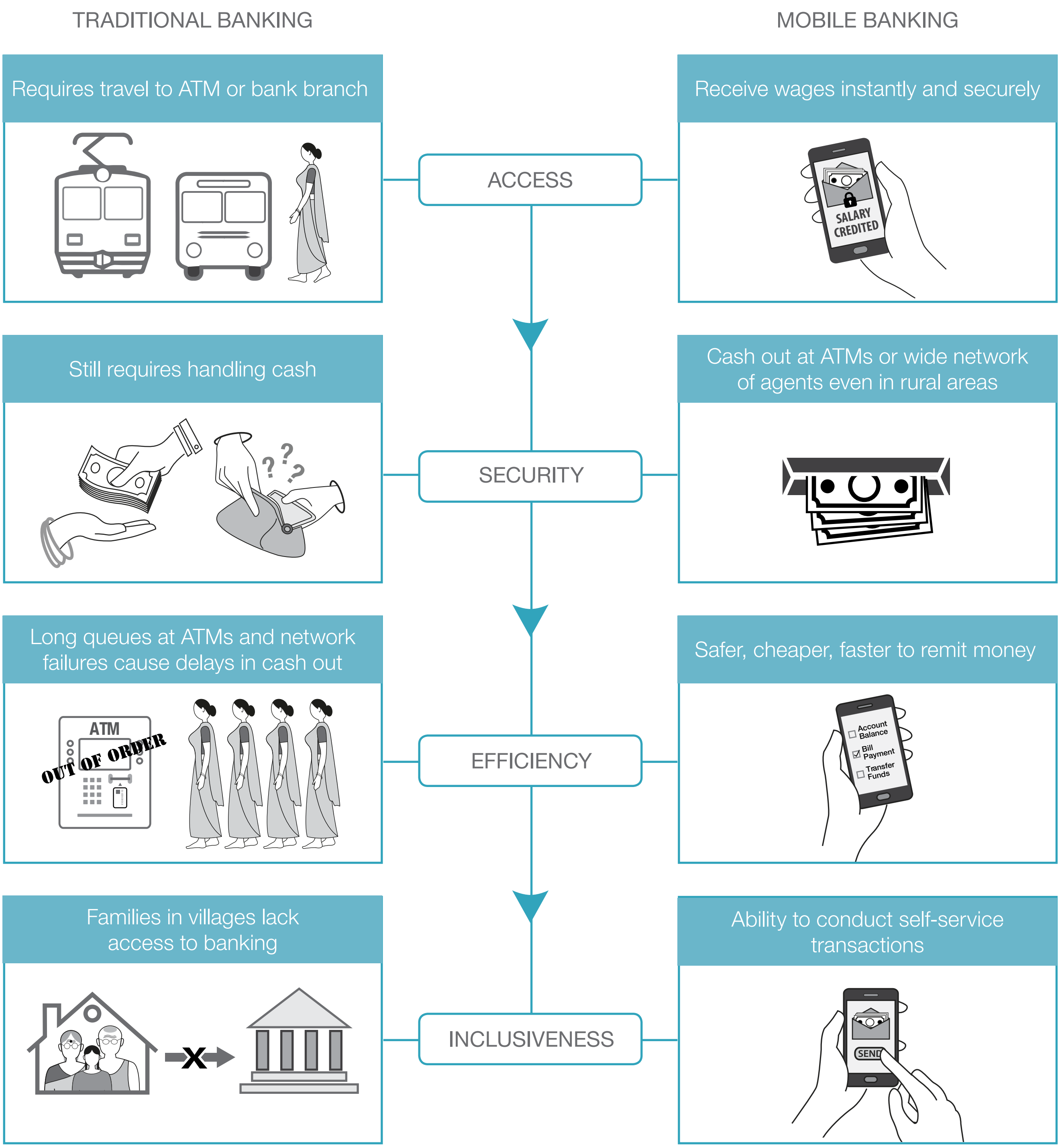
Azad Kumar, Garment Worker, New Delhi.

Most merchants still don't accept digital payments. Merchants for large expenses such as rent, school fees, utilities, and groceries still don't accept mobile payments. In addition, migrant workers interviewed said sending remittances to their home villages also would be problematic, since the relatives receiving the money don't understand mobile payments. For these reasons, workers saw limited value in using mobile financial services for payments and remittances. However, a few workers were starting to purchase movie and train tickets digitally and were receiving discounts for doing so. While the ability to purchase goods and services digitally can drive usage, the real value of mobile payments won't be significant enough to encourage wider adoption among women workers until the larger transactions they make are digitized.

MOBILE FINANCIAL SERVICES THROUGH A GENDER LENS

Despite current barriers to women's use of mobile financial services, we believe these offerings provide more advantages to women than traditional banks do. Currently, low-income women in India are underserved by traditional banks, which find it too expensive to acquire customers whose transactions and deposits are so small.[49] This environment gives new players in the mobile financial services market the potential to reach a large population of low-income customers if they can create innovative products that are accessible, affordable, and cater to women's specific needs.

In this section, we look at the mobile and digital financial services offered through India's newly created Payments Banks, with an emphasis on what has the potential to work among women workers and what does not.



Overview of Payments Banks

Payments Banks—smaller-scale banks that offer basic banking services—account for four specific needs of low-income women in India: access, security, efficiency, and inclusiveness. By targeting a population of women that still conducts almost all transactions in cash, and by making services available through mobile, ATMs, branches, and nearby agents, Payments Banks are making financial services more inclusive and more accessible for women. In India, there are 18 ATMs and 13.4 bank branches for every 100,000 adults—far behind the global average of 43 ATMs per 100,000 adults.[50] No matter how you look at this data, it presents a challenge of access. Payments Banks are addressing this challenge by making basic banking products available through a network of "business correspondents," or agents based in underserved communities. This model allows retail outlets, fuel stations, and post offices to double as a mini bank branches that are likely to be located closer to worker's homes and workplaces than regular banks. Moreover, most of these business correspondents operate well beyond normal banking hours, which is particularly useful for women workers who complained of the limited opening hours of traditional bank branches. Business correspondents help customers—particularly first-time users who might be less comfortable with the products—open accounts, make deposits, send remittances, and withdraw cash. Also, Payments Banks are developing networks of merchants that have specific contracts with companies to accept these payment instruments. Customers can make cashless payments at these identified merchants at no charge by using mobile phones or debit cards provided by the banks. Paytm, India's current market leader in digital payments, has around 5 million merchants accepting cashless payments.

Payments Banks have lowered the "Know Your Customer" requirements, which helps low-income women who lack proper documentation. These companies are also creating products that are easier for new users to understand and that don't necessarily require a smartphone. Paytm Founder Vijay Shekhar Sharma said his company sees the low-income population as a market opportunity. His company has created a new business model that keeps the operating costs low by using "the power of technology and innovation at scale" with the goal of bringing financial services to the "hundreds of millions of un-served or underserved Indians."[51]

In addition to being inclusive and accessible, Payments Banks make banking more efficient and safer for women workers. As described earlier in the report, time poverty is one of the main challenges identified by the women we interviewed. By using mobile options, women can save valuable time since they don't need to wait in line to make or collect payments. These options also allow women to conduct transactions without cash, which can reduce the risk of theft or of confiscation of funds by their husbands. And because Payments Banks only offer simple products that adhere to consumer protection requirements, they are easier and safer to use, even for women with limited or no financial knowledge.

Overview of products offered by Payments Banks

The Reserve Bank of India allows mobile network operators and other associated companies to create Payments Banks to offer simple products with limited risk aimed for those with less or no prior exposure to financial services. Payments Banks are allowed to offer the following products (accessible from a mobile phone):

» Mobile payments (including remittances, bill payments, and payments to merchants)

» Current account with no minimum balance

» Savings account with a balance of up to INR 100,000 (around US$1,500) generating interest

While Payments Banks can offer debit cards, they are barred from offering credit directly. However, they can cross-sell credit products such as loans, insurance, and investment products on behalf of traditional banks and insurance companies. In this next section, we examine how the products offered by Payments Banks can be adapted to the needs of low-income women.

Mobile payments

While digital payments can be made in many forms—including ATMs, point-of-sale terminals, and debit card readers—digital payments that operate over a mobile network offer the greatest potential to resolve the access and use challenges women face, including time savings, flexibility, safety, and convenience. Most Payments Banks offer a mobile wallet or mobile debit and checking accounts that women can use to make payments or to cash out.

Mobile payments have the potential to improve the livelihoods of women workers. Women can use mobile payments to pay bills, send remittances, receive government benefits, or recharge their phones—all without leaving their homes. They also have the potential to achieve greater agency by learning to conduct transactions from their phones instead of relying on male family members. Finally, Payments Banks are adopting a "mobile-first" strategy and incentivizing mobile use by waiving fees on cashless purchases with merchants (using their mobile phones or debit cards) while charging for cash withdrawals. This aims at encouraging greater use of mobile payments and less reliance on cash transactions. In addition, Payments Banks offer competitive prices for remittances sent through their mobile platforms, which might encourage adoption among women workers who complained about the high fees charged by agents.

Basic savings accounts

One of the key differentiators between Payments Banks and mobile wallet companies is that Payments Banks allow customers to hold deposits and receive interest on a savings account. To encourage more low-income women to use formal accounts, Payments Banks offer interest rates that are 2-4 percent higher on savings than those offered by traditional banks. For instance, while most traditional banks offer a 3.5-4 percent interest rate, Airtel Payments Bank offers a 7.25 percent interest rate on savings.[52] This could be an incentive for women to start saving a portion of their salaries in accounts offered by Payments Banks, instead of saving money in traditional banks or using informal methods to save (or, of course, not saving at all). In addition, the savings accounts offered by Payments Banks don't require minimum balances,[53] which makes them particularly accessible to low-income women.

Compared to informal savings methods, mobile financial services allow women greater privacy from male family members who, as revealed in our interviews, may appropriate the entire sum when a woman returns home with her salary. In addition, since women can access their savings accounts frequently and conveniently from their phones to monitor expenses, manage their budgets, and transfer money from their checking accounts, mobile financial services could increase women's likelihood to save.

Other products

Although Payments Banks cannot offer credit or insurance directly, we believe the payments and savings options they do afford on mobile will serve as first step for women to "graduate" to more advanced financial products. Along the way, utilizing mobile financial services should help women build the financial histories they need to access products such as credit and insurance.

An evaluation of India's Mobile Payments Platforms

In the following table we examine Mobile Payments Platforms by accessibility, affordability, and "appropriateness":

Accessibility. Products and services are considered accessible if there are easy to obtain and to use. The number of physical access points and merchants that accept payments, as well as the possibility to access products and services with both smartphones and basic phones—and in local languages—will determine if a Mobile Payments Platform is considered accessible.

Affordability. Fee structure needs to be affordable for a garment factory worker to provide benefits such as interest on savings and to be flexible with perks such as no minimum balance requirement. Areas where fees can be reduced or eliminated completely include cash withdrawals, savings, and remittances to name a few.

Appropriateness. Products and service offerings are considered "appropriate" if they meet a specific need of women.

> *Physical access points can include the following:*
>
> *Bank Branch: A retail location where a financial services institution offers customers a wide array of face-to-face and automated services.*
>
> *Business Correspondent: Third-party, non-bank retail agents engaged by financial services institutions to provide banking services at locations other than a branch or ATM.*
>
> *ATM: An automatic teller machine, or ATM, is a machine that dispenses cash or performs other banking services after an account holder inserts a bank card and inserts a personal identification number, or PIN. ATMs are often located in bank branches, but can also be located near a factory or in a city center.*

AN EVALUATION OF INDIA'S MOBILE PAYMENTS PLATFORMS

	ACCESSIBILITY			APPROPRIATENESS			AFFORDABILITY
CURRENT PLATFORMS	PHONE REQUIREMENTS	PHYSICAL ACCESS POINTS	MERCHANTS THAT ACCEPT CASHLESS PAYMENTS	AVAILABLE LANGUAGES	SERVICES OFFERED (AVAILABLE ONLINE)	SERVICES THROUGH BUSINESS CORRESPONDENTS NETWORK	BANKING FEES (NON-EXHAUSTIVE LIST)
Airtel Payments Bank	Basic phone OR Smartphone	500,000 Business Correspondents	2.3 million merchants	Smartphone users: English and Hindi Non smart-phone users: 12 languages	- Savings Account - Wallet - Debit Card - Payments - Remittances - Personal Insurance - Credit (through 3rd party) - Funds (through 3rd party)	- Account opening - Cash withdrawal and deposits - Remittances - Bill Payments	- Withdrawal: 0.65% of withdrawal amount - Remittances: Free to Airtel Payments Bank accounts. For other banks, fixed-fee depending on amount. - Interest on Savings: 7.25%
BHIM (Bharat Interface for Money)	Basic phone OR Smartphone	No access points but can link app to one of the 60 partner banks and benefit from the access points of that bank.	121 merchants (including e-commerce)	13 languages	- Payments - Remittances - Banking (through 3rd party) - Wallet (through 3rd party) - Insurance (through 3rd party) - Funds (through 3rd party)	No business correspondent network	No fees to use BHIM app. Bank linked to BHIM app can charge fees for transactions made through the app.
Fino Pay-ment Bank	No available information	- 422 Branches - 25,000 Business Correspondents - 5000 Business Correspondents at BPCL petrol outlets - 1000 micro ATMs	25,000 merchants	English and Hindi	- Savings Account - Checkings Account - Wallet - Debit Card - Payments - Remittances - Insurance (through 3rd party) - Credit (through 3rd party) - International Remittance (through 3rd party)	- Account opening - Cash withdrawal and deposits - Remittances - Bill Payments - Recharges - Travel Bookings	- Interest on Savings: not yet announced but will be lower than 7% - Withdrawal : At ATM, up to 3 free withdrawals, then Rs. 20. At a branch, 2 free transactions per month; after that Rs.5 per 1000. At an agent, 0.6% of transaction or minimum Rs 5. - Remittances : Free to Fino accounts, Rs.10 to other banks.
India Post Payments Bank (IPPB)	No available information	- 650 Branches to be launched by April 2018 - 8 Business Correspondents (The target is for the 155,000 post offices to offer these services by April 2018) - 978 ATMs	No available information	No available information	Mobile app not yet available	- Account opening - Cash deposit and withdrawals - Remittances - Bill Payments - Recharges - Balance inquiry	- Interest on Savings: 5.5% - Withdrawals : Free in India Post and Punjab National Bank's ATMs - Remittances: 2 free remittances per month
Jio Payments Bank	Smartphone	Not yet launched	Not available because the app has not been launched yet	No available information	Not yet launched - full list of products to be defined	Not yet launched	No available information
Paytm Payments Bank	Basic phone OR Smartphone	- 1 branch - 100,000 Business Correspondents expected	5 million merchants	English, and 10 regional languages	- Savings Account - Checkings Account - Wallet - Debit card - Payments - Remittances - Insurance (thorugh 3rd party) - Credit (through 3rd party) - Funds (through 3rd party)	- Account opening - Cash deposit and withdrawals - Cross-sell financial products	- Interest on Savings: 4% - Withdrawal : up to 3 free withdrawals in metro area/up to 5 in non-metro area; then Rs.20 per transaction - Remittances: Free to Paytm customers. 3% to other banks. Fees depend on each Business Correspondent terms.

RECOMMENDATIONS:

This report has made the case that investments in mobile financial services provide a compelling opportunity to expand financial inclusion among women workers in India's garment sector. Our research indicates that mobile products are not only more convenient and safer for women to adopt, but also can provide a point of entry for low-income women to start using a full range of quality financial services.

Still, as we have outlined, barriers remain for women to access and use mobile financial products and services.

This section provides a set of recommendations tailored for key stakeholders to help remove some of these barriers. These stakeholders include mobile financial services providers, apparel brands and their suppliers, donors, NGOs, and financial inclusion experts. While government and regulators are crucial to the effort of creating an enabling environment for mobile financial inclusion, they were not part of the scope on this phase on the research. Our hope is that the efforts toward financial inclusion will increase women's agency and improve the quality of life for low-income women across India.

Addressing Social and Gender Norms

It is important to understand and address the social and gender norms that contribute to current realities surrounding women and financial services in India.
As noted in the previous section, many of these everyday facets of life stand in the way of women accessing and using technology in general. Others limit women's participation in household financial decision-making.

Too often stakeholders take a gender-neutral approach to financial inclusion—an approach that fails to acknowledge women may face unique constraints. Any organization working to improve financial inclusion for women should strive to understand where and how gender norms influence digital financial inclusion and consider which approach addresses these gender norms best. For some, this might mean acknowledging existing social norms and designing solutions to work around them. For others, it might mean fighting to change norms by engaging people in the community directly through education and advocacy efforts.[54]

RECOMMENDATIONS FOR MOBILE FINANCIAL SERVICES PROVIDERS

Through researching this paper we learned a lot about the current state of the mobile financial services sector in India, and were able to get first-person feedback about how to overcome some of the barriers to financial inclusion that women customers face today. Here are some recommendations for financial services providers based on that feedback.

Digitize the payments women make most frequently. In India, women still rely on cash because so many merchants do not yet accept digital payments. To increase women's use of mobile, service providers should focus on digitizing the payments for which women tend to be most frequently responsible. These fees can include (but in no way are limited to) school fees, groceries, and utilities. If mobile payments are relevant for female garment workers, they will have a clear incentive to use them.

Design products and services for women. Service providers should use a gender lens when designing new products. In order to design products for women, financial services providers need to unpack these gender norms and try to understand why they act as barriers to access and use of financial products and services.[55] In addition, financial services providers must engage with women directly to understand their needs, behaviors, and preferences, and try to create value though products that will solve their pain points. Finally, designing financial products that meet women workers' needs and address specific gender barriers to women's empowerment is a good business opportunity for financial services providers to target the large untapped market of low income women.

Invest in training, education, and awareness-building. Our research revealed that female garment workers lack awareness of mobile products, services, and technologies, and don't trust or feel comfortable using them. To increase usage among low-income adults, particularly women, service providers should invest in education and awareness-building. Education efforts can also help women become more active smartphone users, opening up greater market opportunities for mobile money providers.

One of the most effective ways that garment workers learn and adopt new technologies is through their peers and coworkers. This is why financial service providers should leverage women to train other women. One of the ways to do this is to hire more female salespeople and agents who can help educate and support women in their use of mobile products.

Ensure privacy and security. To encourage women to use mobile financial services, providers should ensure that women can access agent networks conveniently and securely. Research suggests that women feel more comfortable with female banking agents.[56] In addition, providers can take other steps to make women feel more confident, such as allowing women customers to recharge airtime credit without revealing their phone numbers to retailers, who are often men.[57]

Invest in the customer experience. Many women workers may be first-time users of mobile financial services, which means they likely will have less advanced financial and technological skills. They also may have lower levels of literacy and numeracy, and they may distrust financial services. Providers should focus on building women's trust by offering products that are safe and reliable by avoiding service downtime, inadequate data protection, insufficient agent liquidity, and by ensuring terms and conditions are transparent. The key is excellent customer support, because a negative experience can set mobile financial services providers back years in terms of customer acquisition.

RECOMMENDATIONS FOR APPAREL BRANDS AND THE FACTORIES THAT SUPPLY THEM

Given the potential for increasing financial inclusion of women through the garment sector, apparel brands and their suppliers in India are key stakeholders in this evolution. Here are some recommendations for apparel brands and their suppliers.

Consider efforts beyond the digital payment of wages. Digitizing wages makes business sense because it eliminates the costs related to handling cash (e.g., hiring security and administering cash payroll), increases safety for employers and workers alike, and allows for greater transparency in wage payments. In India, however, virtually all garment workers in the formal sector now have access to basic bank accounts through which they are receiving wages. While digitizing wages is the first step toward financial inclusion, it is not the end goal. The next steps for international apparel brands and the Indian factories from which they source are to focus on driving use and reducing the burden of cash, especially among women.

To tackle this issue, brands and factories should make sure workers understand how to use their bank accounts, and they should provide support if workers have trouble. A good example: Factories can appoint staff to assist workers with troubleshooting, address concerns, and collect feedback. Given that many women workers are likely to be first-time users, and given that they have lower levels of technical experience and literacy, factories should include at least one woman on their support teams to build trust with female employees.

Use the workplace as a platform to advance financial inclusion. Given that garment factories convene large numbers of women, brands and factories are uniquely positioned to deliver financial education and awareness-raising programs. These entities can also shape attitudes and behaviors toward financial services. Factories should invest in programs that train workers—particularly women—on how to use traditional bank accounts and mobile financial services, as well as other financial products and services. With these programs available in the workplace, women who have limited free-time outside of work will be able to participate. As a female garment worker from Bengaluru told us: “We don’t know how to use a phone [to pay bills], we work for six days a week, and we don’t have time [to learn].”

Garment brands and factories can invite financial service providers to come and answer workers’ questions, allay concerns about using mobile products, and to provide technical support. Factories can also run awareness campaigns to encourage more merchants to accept digital payments and to mobilize workers to ask for mobile payment options. In our experience implementing HERproject in Bangladesh, when workers start asking merchants about digital payments, more merchants offer this option.

RECOMMENDATIONS FOR DONORS, NGOs, AND FINANCIAL INCLUSION EXPERTS

Our research also has enabled us to piece together recommendations for donors, NGOs, and financial inclusion experts.

Invest in research on women's use of mobile financial services and the associated gender gap. We already know Indian women are lagging behind Indian men in their use of formal financial services, especially those delivered through digital channels. According to the World Bank's Global Findex, while account penetration in India increased to 53 percent in 2014 from 35 percent in 2011, the financial inclusion gender gap increased as well, to 20 percent from 17 percent during that same time. Given that much of that increase was driven by mobile technology, mobile financial services actually widened the divide between men and women in India because the efforts to push for a "Digital India" have been gender-neutral.[58]

To overcome the barriers inhibiting women from using mobile financial products and services, we need to understand what the challenges really are. Donors and experts can invest in research on the gender and social norms preventing Indian women from participating in the formal financial system fully. More information about how social norms affect attitudes and behaviors of women will help the financial inclusion community develop effective strategies, products, and services that account for these limitations. Also, this research needs to include an understanding of the unintended negative consequences that mobile financial inclusion might have on women.

Coordinate stakeholders to drive a holistic approach to the financial inclusion of women. Donors and experts can help align interests and approaches by buyers, suppliers, service providers, policymakers, and regulators. Doing so will help the financial inclusion community collaborate to ensure systems are established so more women use digital products and services actively. Coordination among all stakeholders could help governments deliver more benefits via digital transfers, and could encourage more merchants to accept digital payments.

IMPLICATIONS OF RESEARCH FOR HERFINANCE

In addition to the recommendations in the preceding section, our research has implications for BSR's HERfinance initiative. In this section, we examine the opportunities for HERfinance to address the challenges Indian women workers face in using financial services, and similar challenges women workers face in other countries around the world.

Considering this was our first foray into the subject of financial services, we took a narrow focus in our research, using a qualitative approach including interviews and focus groups to look at women in India's garment factories. In the future, we plan to pursue additional research to build on this foundation. In particular, we will look at how mobile financial services could be introduced to garment workers through their employers, what support would be necessary to increase use, how existing products and services could be enhanced to meet the needs of women workers, and more. Subsequent research projects also will take into account existing social norms, and how new programs could support women's financial autonomy and agency.

Informed by the findings of that research, BSR will work with garment brands and factories, mobile financial services providers, and local NGOs to introduce garment workers to mobile financial services. We will also strive to drive use among women through supporting activities such as training and the development of a network of merchants and agents. BSR plans to support these efforts by piloting programs inside factories with one or more Payments Banks. In addition, based on the results of our research, we could assess the extent to which products and services Payments Banks offer currently are aligned with women's needs. We could even investigate whether we need to collaborate to redesign them.

More specifically, we plan to:

1. Explore a formal partnership with one or more Payments Banks that are willing to pilot their products and services with garment workers. These providers must be willing to respond to the findings and recommendations that come from quantitative and qualitative research. They also must agree to assist the HERproject team work to more concretely define the needs of garment workers.

2. Collaborate with one or more buyers to select five factories in the Delhi/NCR area for a feasibility pilot. We chose to conduct the pilot in Delhi/NCR since this is where there are the most merchants who accept mobile payments, and where workers have the highest awareness of such products. Although the majority of the garment workforce in this area is male, we will ensure that all research and testing is conducted with an equal number of male and female participants, so we can draw out gender specific lessons to be applied in other markets.

3. Open Payments Banks accounts for garment workers. While their salaries will not be deposited into these accounts, we will provide them with training using the HERproject peer-education methodology to raise awareness and drive usage.

4. Team up with Payments Banks to build use cases for garment workers. This could involve digitization of key payment streams normally managed by women, targeting merchant outreach in garment communities around the pilot factories and developing complementary products and services such as insurance or small loans.

5. Measure the uptake of mobile payments among garment workers and merchants, as well as the impact this has on women's use of other formal financial services. We also will measure women's perceptions and preferences in their use of mobile payments versus cash to test our hypothesis that mobile payments will create value for women.

Our hope is that this phase of research and piloting will reveal persistent barriers so we can address them and overcome them. We plan to publish these findings to share our lessons and recommendations with the wider financial inclusion community.

Appendix

ABOUT THIS RESEARCH

Methodology

The recommendations in this report stem from desk-based review of industry trends and government policies, as well as qualitative interviews and focus groups discussions. Here is an overview of the interviews we conducted.

» Interviews and focus group discussions with 59 garment workers from five garment factories located in three hubs of garment manufacturing in India: Two factories in the Delhi/National Capital Region (NCR); one in Bengaluru, in the state of Karnataka; and two others in the Tirupur/Coimbatore area in Tamil Nadu.

» Interviews with 15 factory managers.

» Interviews with five merchants in garment communities surrounding the garment factories.

» Interviews with seven financial service providers, largely (though not exclusively) those that were granted licenses to operate Payments Banks.

» Interviews with seven subject matter experts in the areas of financial inclusion and mobile financial services in India.

GLOSSARY

Aadhaar – A universal identity infrastructure issued by the Unique Identification Authority of India (UIDAI), which consists of an individual number linked to the biometric data (fingerprints, iris images, and photos) of each Indian citizen.[59]

Access Points – Can refer to the business correspondents, bank branches, and ATMs that allow for customers to conduct financial transactions.

Agents – Any third-party acting on behalf of a bank, financial institution, or non-bank institution (including a Mobile Money issuer or other payment services provider) to deal directly with customers under contractual agreement.[60]

Business Correspondents – Retail agents engaged by banks for providing banking services at locations other than a bank branch or ATM.[61]

Cash Out – The process of converting electronic value or e-money for cash.

Demonetization – On November 8, 2016, the government of India announced that high-denomination Rupee bills would be left out of circulation. The purposes of this action were to control the shadow economy and halt use of counterfeit currencies to promote terrorist activities.

DFS (Digital Financial Services) – DFS refer to financial services (including payments, credit, savings, remittances, and insurance) that can be accessed and delivered through digital channels. The term “digital channels” refers to the internet, mobile phones (both smartphones and digital-feature phones), ATMs, POS terminals, electronically enabled cards, and biometric devices, among others.[62]

Know Your Customer – The process of a bank or of a business to verify the identity of its client.

Mobile Banking - The use of a mobile phone to access banking services and execute financial transactions. This covers both transactional services such as transferring funds, and non-transactional services such as viewing financial information on a mobile phone.[63]

MFS (Mobile Financial Services) – The broad range of financial services (including payments, credit, savings, remittances, and insurance) that can be accessed and delivered through a mobile phone or a tablet. Within DFS, we can find mobile financial services (MFS) that usually employ agents and the networks of other third-party intermediaries to improve accessibility and lower the overall service delivery cost.[64]

Mobile Money – A term describing the services that allow electronic money transactions over a mobile phone.

Mobile Network Operators – A company that has a government-issued license to provide telecommunications services through mobile devices. Due to their experience with high-volume, low-value transactions and large networks of airtime distributors, mobile network operators have been critical players in digital financial services.[65]

Mobile Payment – Payments where the complete transaction of sending and receiving money is carried out using a mobile phone or a tablet.

Mobile Wallet – A payment service through which businesses and individuals can receive and send money via mobile devices such as a mobile phone.

Payments Banks – Branchless institutions that provide basic banking services through a combination of digital channels and a network of business correspondents, or agents, who extend the bank services to communities and homes. These banks are primarily intended to reach low-income, underserved customers and cannot offer credit.

Point of Sale – A software or electronic device used for the purpose of processing card payments at retail locations by reading information from a customer's credit or debit card.

Pradhan Mantri Jan Dhan Yojana (PMJDY) – A program launched by the Indian government to bring formal financial services to all households in the country.

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BSR's HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject has worked in more than 700 workplaces across 14 countries, and has increased the well-being, confidence, and economic potential of more than 800,000 women.

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