

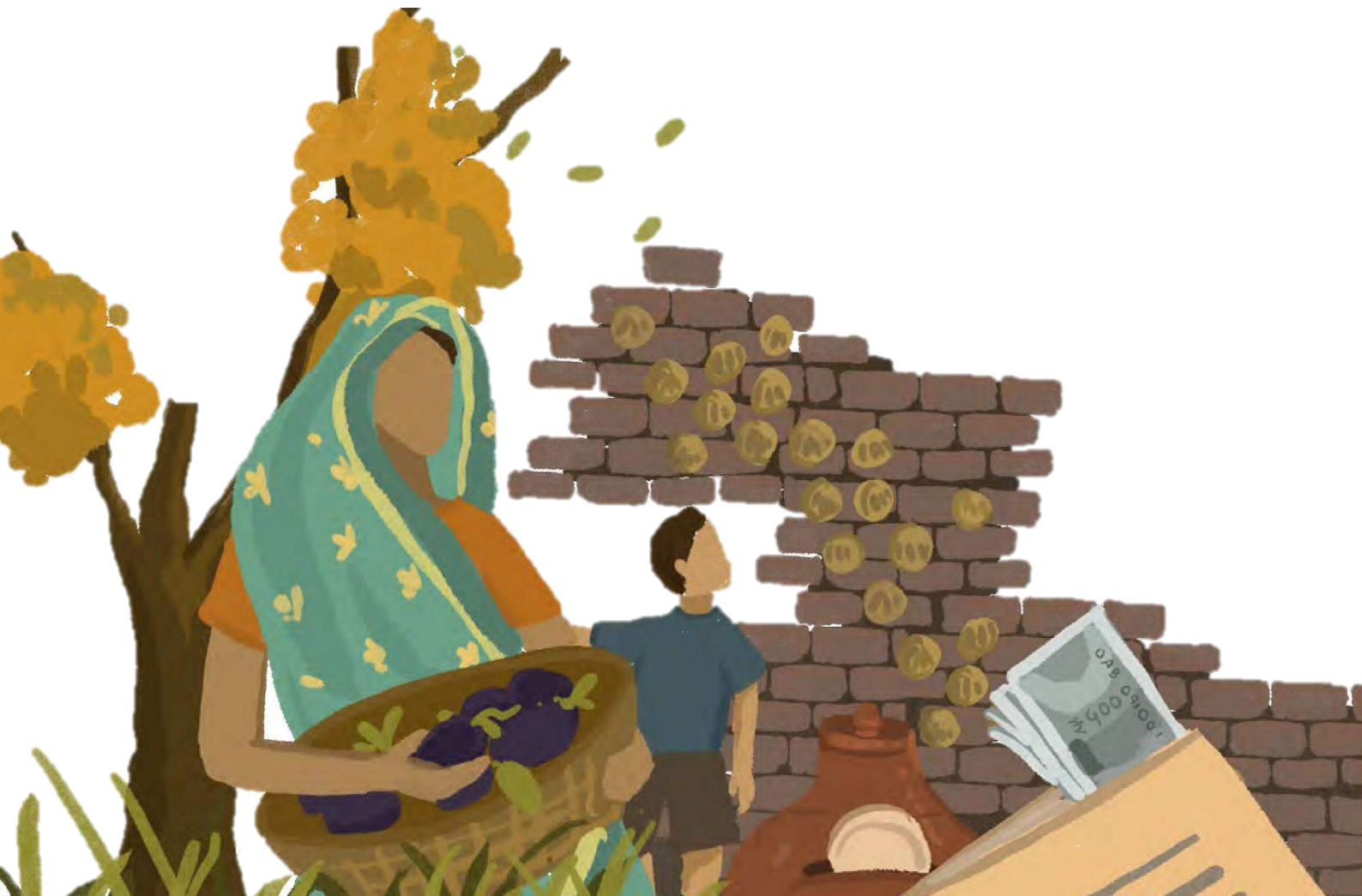


# FROM ACCESS TO USE:

## Insights on Serving Women Banking Customers in India

October 2023

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# Executive Summary

India leads the world in the expansion of financial access to low-income people, especially low-income women. As the access challenge is nearly solved, the opportunity financial services providers now face is engaging their customers. Public Sector Banks (PSBs) are uniquely positioned to effect a pronounced positive impact on customers with simplified accounts, called Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts, by increasing awareness of account features, providing opportunities for gaining experience using financial services in a low-risk environment, connecting account use to income-generating activities, and building a rapport with customers. This survey of nearly 6,000 PSB customers across four Indian states highlights the opportunity this population presents to financial services providers. We detail ideas for serving these customers by analyzing financial needs and preferences through a practical, gender-focused lens—drawn from deep experience designing accounts, credit, insurance, and payments with such elements in mind. The research answers the question, “How might PMJDY accounts better serve low-income customers, particularly women, in India?”

## PMJDY clients value, but don’t use, the bank for all financial needs.

PMJDY customers of PSBs have unique needs and preferences: they place a high value on their accounts for the use of social protection payments. Many of them use the accounts to save small amounts (they are less likely to use PMJDY accounts as a place to save high fund volumes, instead preferring informal channels). Women tend to set aside money for specific household needs, such as their children’s education, but not always through their formal bank account. Women are also less likely to own a smartphone or to be financially literate, as compared to men. Considering women’s unique financial needs and behaviors can increase the relevance of financial products in their lives.

### Box 1: Read more about Women’s World Banking’s engagement with Jan Dhan customers

*This report is the third publication in a series. In this report, we offer market insights from our research, which was used to develop approaches for reaching women customers through public sector banks. The reports which preceded the one you are currently engaging with also tell valuable pieces of the full story. In 2021, Women’s World Banking shared its innovations for Jan Dhan accounts in “The Power of Jan Dhan.” In 2022, Women’s World Banking shared observations gathered from the replication of this approach in rural areas in “Making Jan Dhan Work for Rural Women.” Both engagements resulted in strong, positive improvements in the lives of low-income women and men in India. Subsequently, Women’s World Banking formed a series of partnerships with the largest public sector banks in India to share this approach and impact. This market research report will be followed by results from impact evaluations on this solution’s effectiveness in fostering conditions for economic empowerment among Jan Dhan customers of two PSBs.*





## **There is a strong market opportunity to engage women in actively using their accounts and trying new products.**

The data reveal certain financial behaviors and circumstances that allow us to group women PMJDY customers according to their savings volume and income potential. This exercise allows us to recommend methods of increasing account activity within each group.

Most women fall in Cluster I, which is defined as low savings volume and low income. The probable best course of action for this group is to continue saving small amounts at present and building familiarity with a range of financial products for future use.

Beyond Cluster 1, 13% of women fall in Clusters II and III. Cluster II women have low formal savings but some income that is being saved elsewhere. For these customers, there is an opportunity to introduce savings schemes and connect them to products such as insurance, payments, or pension schemes without high-income requirements for access. Cluster III customers have regular, often steady, income. Among Cluster III, PSBs can expect to see higher usage of formal financial services by incentivizing engagement.

Each cluster may also benefit from microinsurance. Focusing on the unique needs of each cluster and charting goals for their respective customer journeys can create a roadmap to universally increased financial engagement in India.

## **Early data show that trained agents and savings incentives increase usage.**

Women's World Banking and its evaluation partner LEAD, at Krea University, are working to understand the short- and long-term effectiveness of products designed to achieve both business and economic empowerment goals. Early data show that tailored training for front-line bank representatives—business correspondents (BCs)—coupled with incentives for saving have a strong impact on the likelihood that women will actively use their accounts as well as utilize other products. This solution is currently being implemented in three PSBs across India (see Box 1 for details).<sup>1</sup>

The research report opens by providing context of to the financial inclusion landscape in India. It then offers a snapshot of both men and women PMJDY account holders across India with a particular focus on women customers, segmenting them through cluster analysis into three groups with distinct patterns of financial activity within formal financial services. The report concludes with recommendations for policymakers and practitioners. Given Women's World Banking efforts to engage and increase the use of financial services among this population over the past three years, we offer insights throughout the report on our proprietary approaches to engagement.

<sup>1</sup>For more on these results, see Women's World Banking 2021 and Ibid 2022.




# Foreword and Acknowledgments

Over the past five years, there has been an historic and impressive increase in financial sector access in India. Converting that access into active use—particularly among women—is our industry’s next exciting challenge, which we are actively working to solve at scale. The first step is ensuring that new and existing users stay active account users by deepening their engagement with formal financial services.

About a decade ago, the government of India began a massive endeavor to offer everyone access to and use of a bank account. This push, which coalesced a nationwide unique identification system, mobile phone numbers, and simplified bank accounts, set India on a trajectory to inclusion. Today, 77.5% of Indians have a bank account, with no gender gap.

Though we celebrate this industry-level victory, we also see the further opportunity to engage these customers—by 2021, a third of accounts in India were inactive.

Women’s World Banking is working to solve this challenge—namely, the gap between account ownership and active use—through careful attention to the financial needs and preferences of low-income men and women. Women’s World Banking, in partnership with three PSBs, has developed solutions for 10 million PMJDY customers. Most of these customers are already saving small amounts, but deepening their engagement with financial services means

reaping the benefits of financial inclusion. Women’s World Banking’s partner, LEAD, is actively evaluating the impact of Women’s World Banking’s gender-intentional financial solutions on women’s economic empowerment.

This report is a gender-based codebook for policymakers and practitioners looking to learn from our deep knowledge drawn from surveying nearly 6,000 PMJDY account holders across India. This data, gathered in partnership with our respective institutions, will help other financial sector stakeholders take practical steps to serve low-income customers.

In addition to offering market intelligence, these data provide a baseline from which we can assess material, cognitive, perceptual, and relational changes contributing to the economic empowerment of low-income women in India. We look forward to sharing the results of the endline survey in the coming months.

Women’s World Banking staff involved in this effort include Pallavi Madhok, Justin Archer, Swati Chowdhary, Arianne Wunder, Chelsea Bennington, and Xiaoming Zhang. At LEAD, we are grateful for the support from our research associates, with special thanks to Sampurna Basu and the field team led by Durgesh Pandey. The authors of this report are similarly thankful for the Indian men and women who generously gave their time to this research effort.

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# Introduction

India has made significant progress in driving access to formal financial services over the last decade, with account ownership more than doubling from 35% in 2011 to 78% in 2021.<sup>2</sup> Women's World Banking has similarly worked to increase low-income customer engagement with financial services and diversify their financial sector participation. To build a more inclusive banking sector, policymakers and financial services providers can learn from Women's World Banking's proprietary market research, which takes a gendered look at financial needs and preferences. This report uses a pragmatic, evidence-based approach to understanding low-income account holders in order to create recommendations for a more inclusive financial sector in India. These account holders, with strong savings habits but yet-untapped potential, are the key to the future of India's inclusive economy.<sup>3</sup>

India's account access growth is largely attributed to government policy initiatives to boost account ownership among unbanked adults, such as the JAM trinity,<sup>4</sup> as well as government safety net programs through Direct Benefit Transfers (DBTs) to low-income Indians who are using Pradhan Mantri Jan Dhan Yojana (PMJDY) simplified accounts. One of the government's primary channels for pushing its financial inclusion program are Public Sector Banks (PSBs). These banks dominate the banking landscape in India, accounting for more than 72,000 bank branches and approximately 74% of the total deposits in PMJDY accounts as of March 2015.<sup>5</sup> See Table 1 for an overview of PSBs and their counterpart institutions.

**TABLE 1. INDIA BANKING SECTOR OVERVIEW**

Bank Group	Branches (no.)	Deposits (%)	Credit (%)
Public sector: State Bank of India and associates	20,181	21.5	22.1
Public sector: Nationalized banks	52,480	52.4	51.1
Foreign banks	332	4.3	4.8
Regional rural banks	Limited to region	2.9	2.5
Private sector banks/small finance banks	15,569	18.8	19.4

Sources: RBI (2014a), MOF (2015a), RBI (2015).

<sup>2</sup>Demirgüç-Kunt et al., 2022.

<sup>3</sup>In this section and the section on "Behavior by Gender," we emphasize that nearly all these customers are actively using their accounts for putting money aside. In the "Profiles of Women" section, we differentiate by the amount of savings they put aside to show the progression of products that are relevant to three separate clusters of savers.

<sup>4</sup>A government initiative to link simplified "Jan Dhan" accounts, the "Aadhaar" national ID system, and mobile numbers for a full stack of digital identity and financial sector participation. These component parts spell out the acronym "JAM."

<sup>5</sup>Barua, Kathuria, and Malik, 2016.



Given their expansive reach and scale, PSBs dominate service to lower-income segments in India, holding a significant share of the total PMJDY accounts in the country.<sup>6</sup> PSBs have a strong presence in rural India, accounting for 56% of the rural branches in 2020. They rely heavily on banking agents under the Business Correspondent (BC) model as a less expensive and more convenient alternative to brick-and-mortar channels. BCs provide banking services at hard-to-reach locations.<sup>7</sup>

Despite wide geographic banking presence and the high penetration of PMJDY zero-balance accounts, the overall use of bank accounts and engagement with the range of formal financial services offered by these public institutions remains low.<sup>8</sup> According to the World Bank, in 2021 30% of Indian men and 42% of Indian women had not used their accounts in the past year.<sup>9</sup>

This finding is consistent with behavior of consumers around the world. In spite of the range of benefits of increased financial access, such as increased expenditure on important commodities like food, medicine, education, and household assets, women tend to be conservative in their use of and engagement with formal financial institutions as an avenue for saving, borrowing, paying, and insuring against risk.<sup>10</sup> The most commonly cited reasons for account inactivity among women in India include distance to financial institutions, unfamiliarity, and lack of need for an account.<sup>11</sup>

Globally, women face unique demand and supply barriers in accessing financial products and services. On the demand side, barriers include the lack of bargaining power within the household, perceived insufficient income for opening an account, time constraints due to domestic work, mobility constraints due to social norms, lower rates of cell phone ownership, and lack of assets available for collateral. On the supply side, financial products are often irrelevant to women customers, and the existing distribution channels are insufficient in reaching them.<sup>12</sup>

In 2020, one of the largest PSBs in India, along with Women's World Banking, piloted the Jan Dhan Plus solution, which was developed from deep qualitative and quantitative customer research as well as Women's World Banking's women-centered design methodology (see Box 1). This project found that nearly all PMJDY account holders were already saving small amounts in their low-balance accounts and were poised for deeper engagement—such engagement could steer the trajectory away from account dormancy and toward deep inclusion. Simple shifts in the way the bank engaged with customers led to strong participation in existing accounts and engagement with additional solutions. In 2021 and 2022, Women's World Banking and LEAD at Krea University partnered with two large

<sup>6</sup>As of March 2020, PSBs comprised approximately 70–84% of the total PMJDY accounts in the country (Trend Report 2020–21, National Bank for Agriculture and Rural Development. [https://birdlucknow.nabard.org/wp-content/uploads/2021/01/Trend-Report\\_2020-21.pdf](https://birdlucknow.nabard.org/wp-content/uploads/2021/01/Trend-Report_2020-21.pdf)).

<sup>7</sup>Banks employ retail agents, also known as Business Correspondents (BCs), to offer banking services beyond traditional bank branches and ATMs. These agents carry out a range of tasks, including identifying potential borrowers, collecting, and processing loan applications, verifying primary information, accepting small deposits, issuing small loans, and managing loan payments and interest collection. Additionally, they sell various financial products such as micro-insurance, mutual funds, and pension plans, as well as third-party products, and process small payments and remittances. BCs were accountable for directing 56% of total PMJDY accounts and 65% of General Credit Cards (GCCs) between 2016–2020.

<sup>8</sup>India stands at 53.9 (on a scale of 0–100) on the RBI FI-Index for 2021, which has three sub-indices: Access, Usage, and Quality. This is largely driven by the Access sub-index, which stood at 73.3, reflecting substantial progress in creating financial infrastructure in the country. However, the Usage and Quality indices stood at 43 and 51 respectively, indicating the opportunity to continue improving the engagement with financial services.

<sup>9</sup>Demirgüç-Kunt et al., 2022. Definition of use is any activity in the past year.

<sup>10</sup>Dupas et al., 2015; Prina, 2013.

<sup>11</sup>Ibid.

<sup>12</sup>Holloway et al., 2017.



PSBs in India to investigate how women and men PMJDY customers engage with a range of financial services. Through quantitative surveys administered to the banks' customers, information was collected on account use, savings behavior, borrowing behavior, phone usage, insurance, resilience, decision-making ability, and empowerment. Additionally, qualitative interviews provided a deeper understanding of both the demand- and supply-side barriers these customers face in engaging with these financial products and services.

Through this report, we aim to provide financial service providers and policymakers with gendered insights on financial services needs and preferences. We begin with a comparison of the savings and financial behavior of men and women PMJDY customers to quantify the gap that exists in access and usage. We then identify three profiles of women customers based on their savings behavior and then examine opportunities for deeper engagement. We conclude with identifying profile-specific market opportunities and offer recommendations for PSBs across India to augment their engagement with PMJDY women customers.





## Methodology

We surveyed 5,976 customers (1,774 men and 4,202 women) who had a PMJDY account at one of two of the largest PSBs, denoted as “PSB I” and “PSB II” to maintain partner anonymity. We recruited these customers at BC points in a range of urban, semi-urban, and rural areas in four states: Bihar, Uttar Pradesh, West Bengal, and Assam. We recruited the sample through a listing exercise conducted at 330 randomly sampled BC points in Muzaffarpur and Gaya in Bihar, Shahjahanpur in Uttar Pradesh, Kolkata in West Bengal, and Guwahati in Assam. See Table 2 for a full view of the sample stratification.

**TABLE 2. SAMPLE STRATIFICATION**

Gender	PSB I			PSB II		Total
	Bihar		Uttar Pradesh	West Bengal	Assam	
	Gaya	Muzaffarpur	Shahjahanpur	Kolkata	Guwahati	
Men	385	234	1,155	0	0	1,774
Women	379	207	564	1,499	1,553	4,202
Total	764	441	1,719	1,499	1,553	5,976

Source: Authors.

We compare PSB I’s male and female customers to examine the gap in access and usage of the PMJDY account. We then pool all female customers across PSB I and PSB II and conduct cluster analysis through K-Means Clustering. We identify three clusters of women with similar financial behavior based on how much they were able to save in the last 12 months. We then draw deeper insights into the socioeconomic characteristics of each group of women PMJDY customers, leading us to offer recommendations to public sector financial institutions and policymakers on how to augment engagement among these customer segments.

Self-reported financial activity data, including savings and income, are difficult to collect given low recall among participants.<sup>13</sup> We employed a number of survey-based best practices to increase accuracy of these critically important data. For example, we ask about average monthly (rather than yearly) income, and we ask about savings in multiple ways: by instrument and overall. Despite these and other efforts, it is likely research participants underreport these data points. Participants may appear poorer and less likely to save than administrative data from the banks would indicate. At this juncture, we do not have administrative data from the banks to estimate the scope of this inaccuracy. For a bank-level perspective on savings among a similar population, see Women’s World Banking’s reports “The Power of Jan Dhan: Making Finance Work for Women in India” and “Making Jan Dhan Work for Rural Women.”<sup>14</sup>

<sup>13</sup>See, for example, Moore, Stinton & Welniak 2000.

<sup>14</sup>Women’s World Banking, 2021; Ibid., 2022.



# PMJDY Customer Behavior by Gender

In this section, we compare the average male to the average female PMJDY account holder to investigate the gap in their engagement with financial products and services. Men are more likely to value their account as a place to save, whereas women are more likely to value the account as a place through which they receive DBTs. Women deposit a lower volume of savings, but not necessarily because they are lower earners: barriers such as familiarity, mental models, and financial literacy lower women's preference for saving in accounts as compared to men. Table 3 displays the gender-based demographic differences in the sample.

**TABLE 3. DEMOGRAPHIC DIFFERENCES BY GENDER**

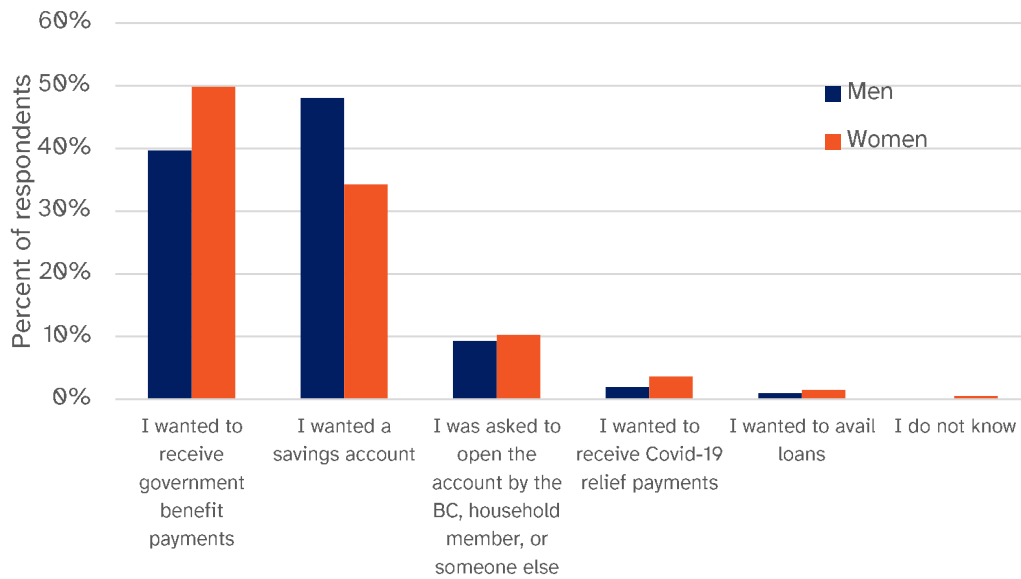
	Men	Women
Education level	46% of men have completed high school (class 12)	25% of women have completed high school (class 12)
Primary occupation	52% of men are engaged their own agriculture or are engaged in regular income-generating work	64% of women are housewives and are not engaged in regular income-generating work
Annual income	62% of men earn in the range of Rs. 5,001-15,000 when their primary occupation is not agriculture or an allied activity	79% of women earn up to Rs. 5,000 when their primary occupation is not agriculture or an allied activity

*Source: Authors. An allied activity refers to activity in the "allied sector," which includes poultry, fish, dairy, and other similar food producers.*

On average, the men and women in our sample express distinct motivations for opening and engaging with their PMJDY accounts (Figure 1), finding them useful for different reasons. The men in these contexts already perceive bank accounts as a medium to save: in the sample, 48% of the men were motivated to open their PMJDY account because they wanted a formal account in which to put their money aside. Women were more inclined than men to see their PMJDY account as a means to avail governmental benefits, with 54% of women reporting that they opened their PMJDY account to receive such benefits as well as Covid-19 relief. For both genders, savings and availing government benefits were the top two reasons for opening the account. More women than men in our sample regularly use this account to receive government benefits, suggesting that digitizing payments of government transfers is not only a promising means of including women in the formal financial sector but also a useful way to build women's familiarity with the banking system and increase their use of these zero-balance accounts.

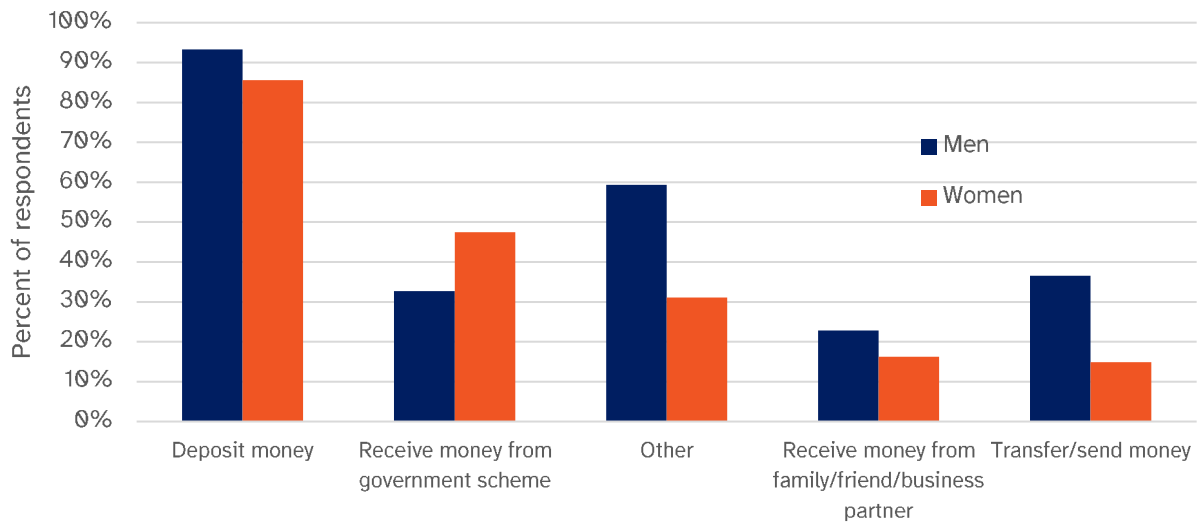


**FIGURE 1. REASON FOR OPENING PMJDY ACCOUNT BY GENDER**



Source: Authors. The respondents could choose one or multiple options for the reason(s) why the account was opened.

**FIGURE 2. PMJDY ACCOUNT TRANSACTION TYPE BY GENDER**



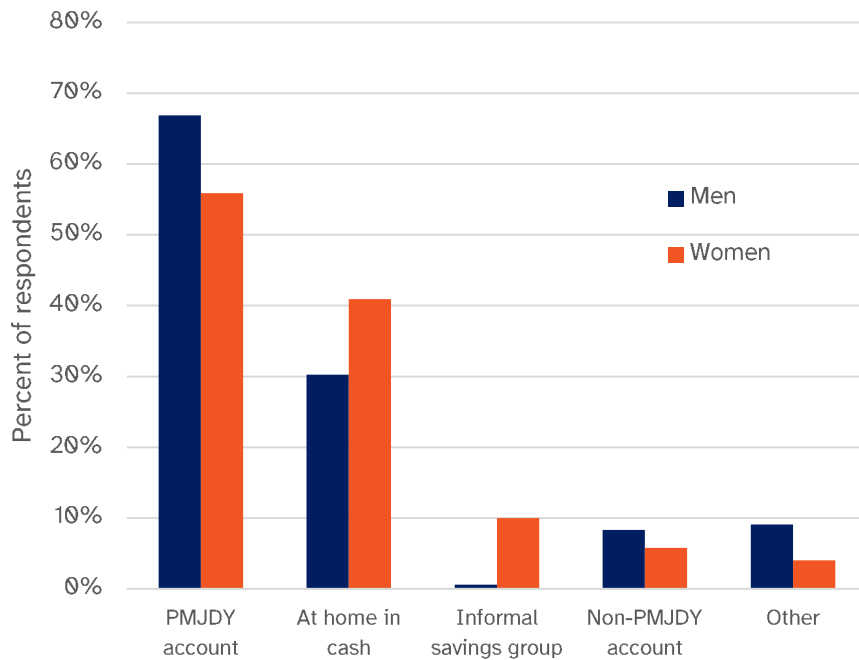
Source: Authors. Transactions are self-reported and not validated with administrative data. Participants were able to select multiple options. "Other" includes, but is not limited to, the following: bill payment, pay loan installments, purchase/payment, get a loan, get insurance, pay insurance premium, and others. "Other" includes responses where 10% or fewer participants (of both men and women) responded.

Both men and women use their account to save, but a look at the other reasons for account ownership draws attention to the untapped potential of encouraging account usage beyond social protection payments. In Figure 2, for instance, we see a significantly larger share of men using their account to transfer and send money. Women may be less aware of the range of financial services available to them through their PMJDY account or perhaps are less empowered to navigate the system independently, as highlighted in our qualitative interviews with women account holders from Uttar Pradesh. This suggests that simply providing zero-balance accounts is insufficient for the goal of women discovering and engaging with the full range of banking services. Ideally, these accounts



should be coupled with relevant financial literacy programs and specific schemes that incentivize women to use their PMJDY account to make payments and transfer money as well.

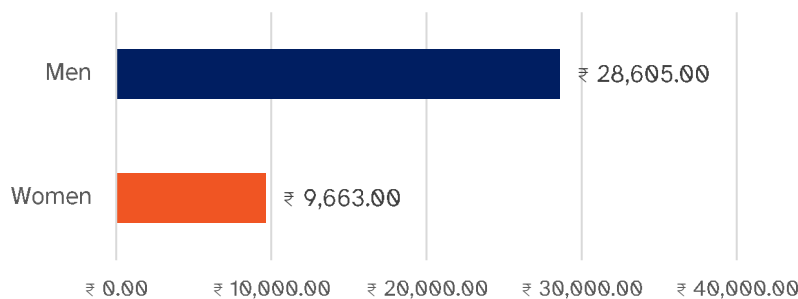
**FIGURE 3. SAVINGS LOCATION BY GENDER**



Source: Authors. Transactions are self-reported and not validated with administrative data. Participants were able to select multiple options. "Other" includes, but is not limited to, the following: With a friend, buy other assets, in gold/jewelry, financial account of a family member, LIC policy, other formal financial account, post office (savings account, informal savings group (chit fund), and other formal financial instruments. "Other" includes options where 5% or fewer participants (of both men and women) responded.

Figure 3 notes a preference for saving cash at home among women (a disparity of 11%), as well as fewer women than men relying on a formal financial bank account to manage their money—close to 15% more men than women save their money in some formal financial bank account, including PMJDY accounts.

**FIGURE 4. SELF-REPORTED ANNUAL SAVINGS IN PMJDY ACCOUNT BY GENDER**

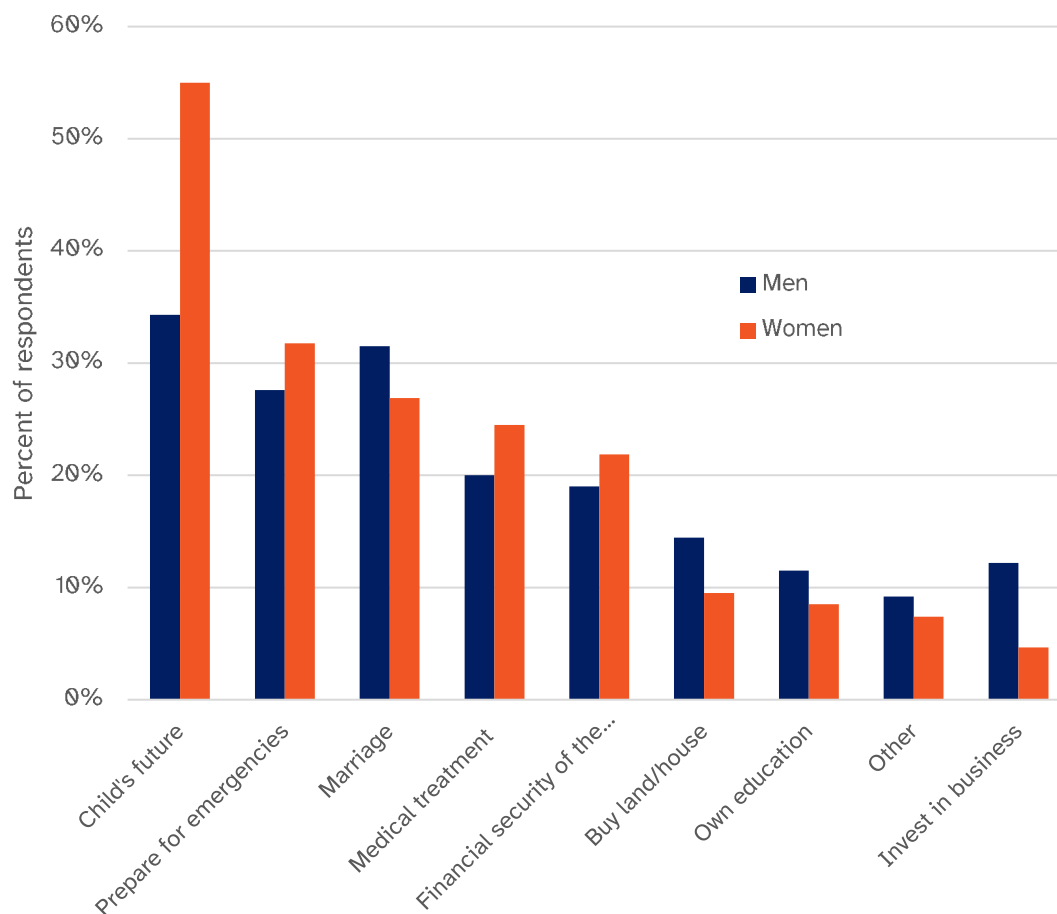


Source: Authors. Participants were asked how much they saved in their PMJDY account in the past year. Amounts are self-reported and not validated with administrative data.



Women face unique obstacles to engaging with their zero-balance accounts, including limited earnings or their ability to save what they do earn. Over the span of a year, the men in our sample saved almost three times more in their PMJDY savings accounts than the women (Figure 4). Additionally, 13% more women than men reported that they were not able to save any money at all in that year. Therefore, women are less able and less likely to rely on their savings—indeed, only 13% of women (as opposed to 20% of men) said they would utilize their savings to come up with Rs. 7,500 in the next month in the case of an emergency.<sup>15</sup>

**FIGURE 5. SAVINGS GOALS BY GENDER**



Source: Authors. Participants were asked "Where are your saving goals?" and were able to select one or multiple responses. "Other" includes, but is not limited to the following: buy (a) vehicle/ machinery, religious activity, and others. "Other" includes responses where 5% or fewer participants (of both men and women) responded.

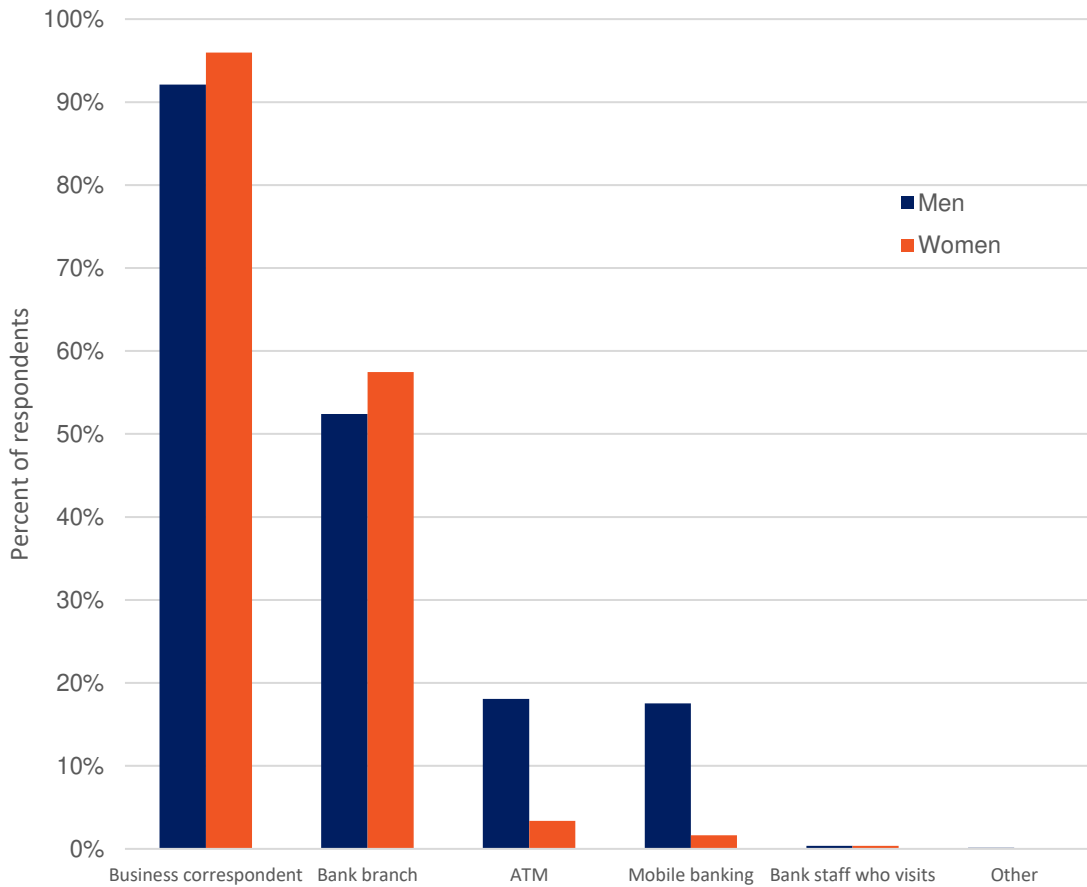
Through qualitative surveys, we learned that women tended to be less familiar with formal financial institutions as a place to keep their savings, that they had a preference for saving at home, and/or that they were simply less comfortable navigating the complex banking system independently. We also noted that men and women had distinct savings goals (Figure 5): for instance, 21% more women than men reported to be saving for their child's future, suggesting the importance of designing savings products for women that encourage long-term savings.

<sup>15</sup>This is a standard measure of financial health and resilience. Rs. 7,500 is equivalent to 1/20 GNI per capita in India.





FIGURE 6. TRANSACTION LOCATION BY GENDER



Source: Authors. Participants were asked, "Where have you transacted with your Jan Dhan account?" and were able to select one or multiple responses.

PSBs have unparalleled reach—and in turn, the potential to implement financial inclusion programs at scale. In the sample, taken through intercept interviews at BC points, 94% of account holders reported depending almost exclusively on a bank branch or agent to make transactions with their PMJDY account (Figure 6). Among both men and women in this group, there is a clear preference for utilizing BCs over other channels to meet their banking needs. However, there is a significant gender disparity among the usage of complementary tech-based channels for financial sector access: within the sample, 18% of the men have used mobile banking and 18% have transacted at ATMs, whereas only 2% of the women have used mobile banking and 3% have transacted at ATMs.

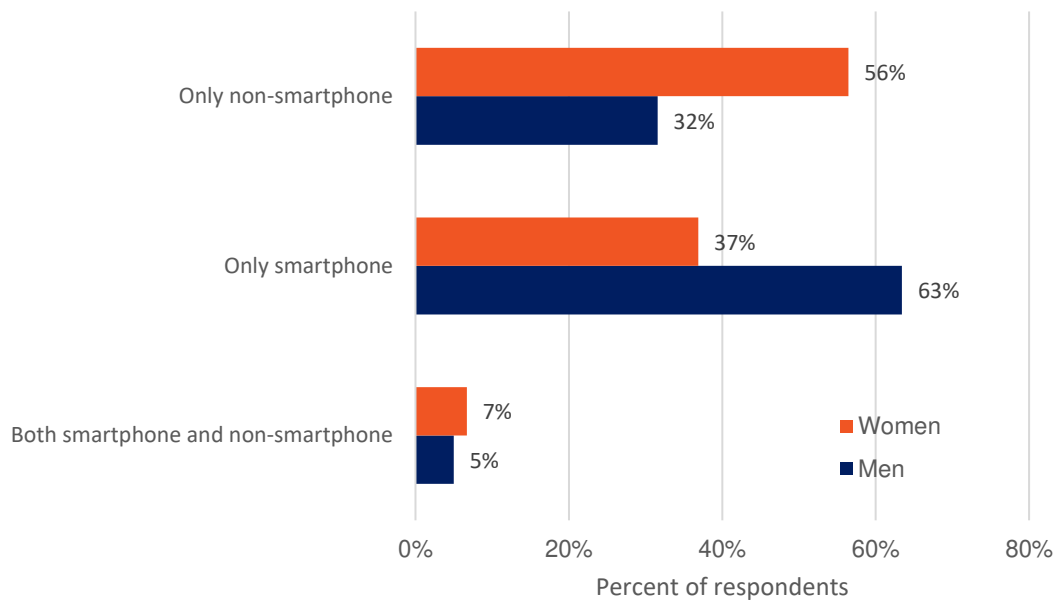
Low digital finance use among women poses a data puzzle, as the sample is more connected via mobile than India is on average (Figure 7): in our sample, 44% of women and 68% of men reported owning smartphones; nationally, representative gender-disaggregated data show that only 26% of women and 49% of men own any (smart or otherwise) mobile phone.<sup>16</sup> The proportion of our sample owning a smartphone may be higher than the Indian average due to the phone-based nature of the our survey. Regardless, closing the gap between smartphone access and the use of such phones for

<sup>16</sup>GSMA, 2022.



banking services is an opportunity for policymakers and providers to explore. Encouraging account engagement via personal technology is contingent upon basic improvements to smartphone access and digital literacy.

**FIGURE 7. MOBILE PHONE OWNERSHIP BY GENDER**



Source: Authors. Participants were asked "What types of phones do you own?" and were able to select one response from (i) only smartphone, (ii) only non-smart phone and (iii) both smartphone and non-smartphone.



# Profiles of Women PMJDY Customers

Nearly all account holders we surveyed at BC points save in their accounts, creating value for financial institutions. In this section, we differentiate the women in our sample into a series of profiles, which helps target relevant financial services as well as estimate the size of the market opportunity. We have sorted these women into three clusters:

- **Cluster I:** These women have a very low savings volume because they have limited earnings and thus a lower capacity to save. They currently have savings activity but show low additional engagement with their PMJDY account.
- **Cluster II:** These women have low savings volume but have some regular earnings. They are capable of saving much more with a formal financial institution, but choose not to. They may have lower engagement with their PMJDY account beyond savings due to a lack of familiarity with the institution or because they fear breaking away from the status quo.
- **Cluster III:** These women have high savings volume and actively use formal financial institutions for a range of financial transactions. Given their high engagement with their PMJDY account, there exists the potential to encourage this customer segment to access and utilize the bank's additional products and services via its digital infrastructure as well as offer a wider range of products that appeals to them.

We discuss these segments in this section, offering each a path forward for engagement. The distribution of our population across this segment, as well as the income profiles within our sample, is seen in Table 4.

TABLE 4. PROFILES OF WOMEN PMJDY CUSTOMERS				
Profile	Est. population size	Percent of sample	Annual savings	Annual income
<b>Cluster I:</b> Low savings volume, low income	225.0 million	87.0%	Up to: Rs. 8,700  Average: Rs. 1,335	Up to: Rs. 1,080,000  Average: Rs. 114,276
<b>Cluster II:</b> Low savings volume, some predictable income	29.8 million	11.5%	Up to: Rs. 38,000  Average: Rs. 16,347	Up to: Rs. 1,242,000  Average: Rs. 166,548
<b>Cluster III:</b> High savings volume, predictable income	3.9 million	1.5%	Up to: Rs. 130,500  Average: Rs. 62,437	Up to: Rs. 1,800,000  Average: Rs. 283,776
<b>Total</b>	<b>258.7 million</b>	<b>100%</b>		

Source: Authors. Respondents (n=4,202) were asked to report their annual savings and monthly income during a normal month when they have regular income. Both figures are annualized. Estimated sample size is based on the total number of PMJDY account holders (n= 462,000, 000), 56% of whom are women.

As expected, we found that across all four states, the largest share of PMJDY women customers falls into Cluster I (accounting for 87% of the women), followed by a smaller share of women in Clusters II and III (Table 5). The greatest potential impact for increasing investment is to target Cluster II, but PSBs might also be interested in moving Cluster III into greater use of services.

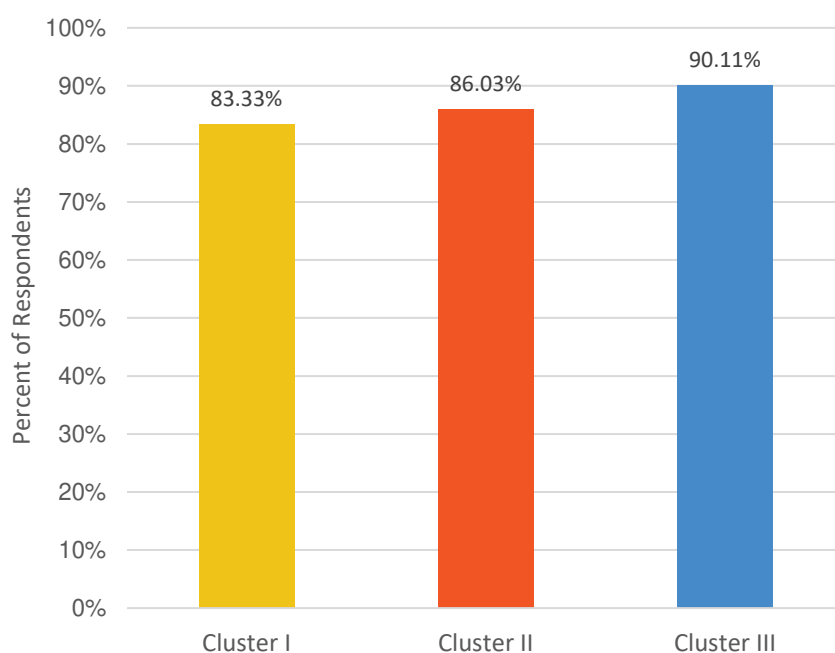
**TABLE 5. GEOGRAPHIC DISTRIBUTION OF CUSTOMER PROFILES**

Location	Cluster I	Cluster II	Cluster III	Total
Assam	1432 (92.2%)	113 (7.3%)	8 (0.5%)	1553
Bihar	482 (82.3%)	89 (15.2%)	15 (2.6%)	586
Uttar Pradesh	501 (88.8%)	58 (10.3%)	5 (0.9%)	564
West Bengal	1236 (82.5%)	226 (15.1%)	37 (2.5%)	1499

Source: Authors.

Source: Authors. Data are self-reported and not validated with administrative data.

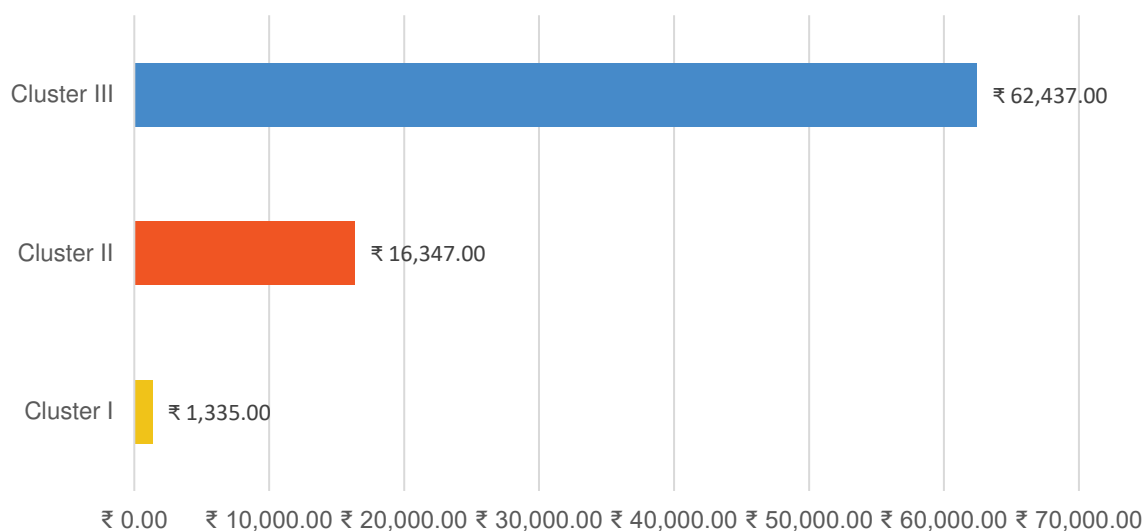
**FIGURE 8. SAVED ANY MONEY THROUGH PMJDY ACCOUNT BY CLUSTER**



In all three groups, women are actively saving (Figure 8), but for different reasons: complementary data on Cluster I indicates that they have more immediate needs for the meager savings they keep in their PMJDY account. A primary reason for savings is to cover unexpected losses, as this group is less resilient and has lower access to long-term savings instruments. For these reasons, they are a relevant target for microinsurance products run by PSBs. Additionally, this segment may be more likely to engage with products that encourage frequent savings behavior but are quickly accessible in emergencies. Finally, Cluster I women may need small credit amounts either for income-generating activities or to manage unpredictable income. Conversely, a higher number of those in Cluster III save

in their PMJDY account for their older age, expressing interest in reducing the amount they save in cash. For this segment, PSBs could encourage additional take-up of savings products or pensions that have a longer lock-in period.

**FIGURE 9. SAVINGS VOLUME IN PMJDY ACCOUNT BY CLUSTER**



Source: Authors. Data are self-reported and not validated with administrative data.

The average self-reported annual savings amounts of these groups are pictured in Figure 9. The breakdown of employment and other factors vis-à-vis these saving behaviors is as follows:

**Cluster I** has limited to no savings built up, managing to save between Rs. 0–8,700 in a year. They have an average monthly household income of less than Rs. 10,000 (ranging from 0–90,000 INR). Within this cluster of women, which accounts for nearly 87% of the sample, more than 50% of the women save nothing; the rest save very little. Those who do save within this category save whenever possible—daily, weekly, monthly, bimonthly and biannually—given the absence of a regular stable income. The PMJDY account is still their most preferred savings avenue (90% of respondents reported saving small amounts in it), implying that these women are aware of and comfortable with saving their money in this account.

This group has low income, varying income, or no income. Of the 50% of women who reported no savings in the past year, 75% self-identify as housewives. Relatedly, close to 73% of savers within this cluster are housewives, but 17% earn either a seasonal or a year-round income. Given the share of housewives in this group, PSBs could benefit from designing specific, relevant incentives for these women to save what they can. Relatedly, given an irregular stream of income, savings products targeted to this group should allow for flexibility in how much and how often these women must save to reap any benefits. These women would also be served by other products that do not require a high savings volume: credit for income generation or money management, insurance to guard against the risk of falling deeper into poverty, or digital payments.

**Cluster II** account holders manage to save an average of Rs. 16,347 in a year, with savings ranging from Rs. 9,000–38,000. The women in this group, who report irregular household monthly income ranging from Rs. 500–150,000, engage in a wide range of income-generating activities: they are



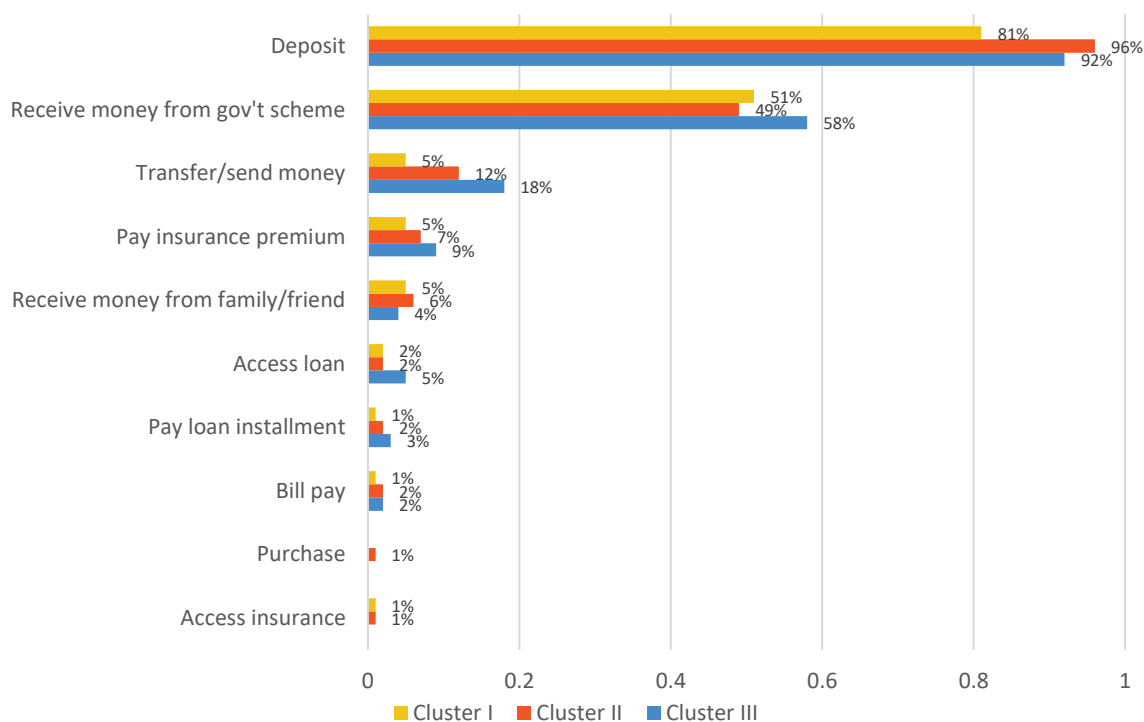


employed full or part time in agriculture, salaried, or seasonal work, but this group also includes a significant share of housewives who save weekly, monthly, or bimonthly, with a few saving biannually or annually. This group has more regular income and is thus able to save more regularly than those in Cluster I. Therefore, PSBs should encourage this group to continue saving as much as possible as well as diversify the group's usage of financial services, with potential cross-selling opportunities.

**Cluster III** has somewhat regular income, with an average household monthly income of Rs. 23,648 and an average individual annual savings of Rs. 62,437. Most of Cluster III saves monthly and annually. This category of savers is also either full or partially employed in agriculture, business, salaried jobs, or other employment.

These women have a regular stream of income and are engaging with their PMJDY account more extensively to manage their money, suggesting that banks can be more ambitious in cross-selling or encouraging greater engagement with existing accounts.

**FIGURE 10. USAGE OF JAN DHAN ACCOUNTS**



Source: Authors. Data are self-reported and not validated with administrative data. The respondents were asked, "What transactions have you made with the Jan Dhan account?," including if they used the JD account for parking their savings, and were able to select one or multiple responses.

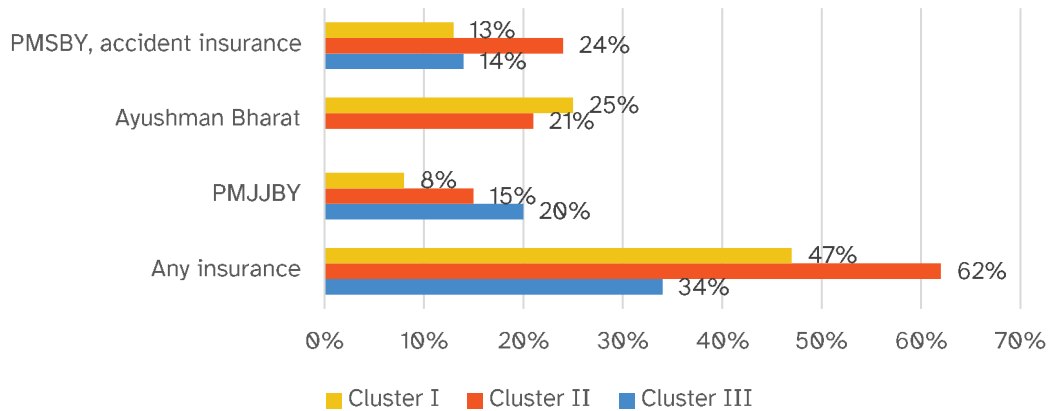
Due to their low and infrequent income and savings, those in Cluster I are more inclined to open their PMJDY account to avail government benefits. Cluster III tends to see value in having a formal account in which to put their money aside, suggesting that while digitizing payments of government transfers is a promising means of including low-income women in the formal financial sector, after a certain



threshold of income, women’s motivation changes when they start viewing the bank account as a primary avenue through which they can manage their money.<sup>17</sup>

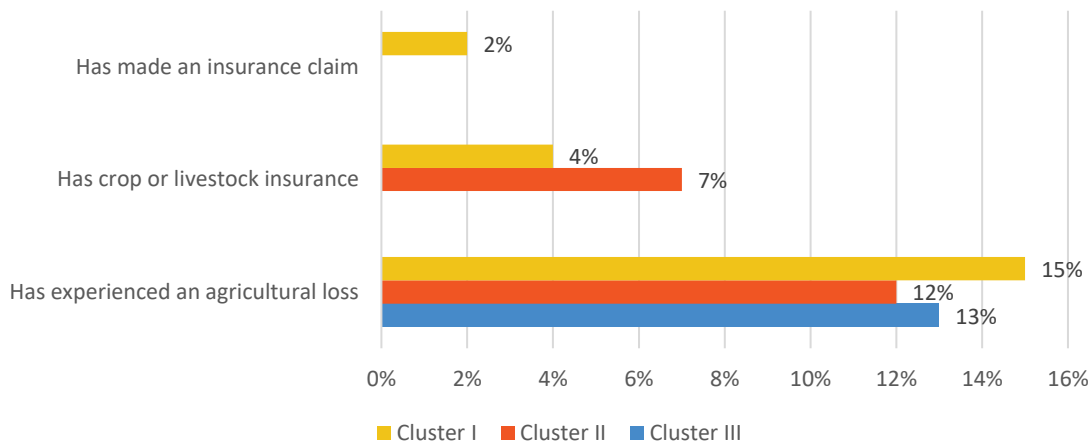
While women across the three categories use their PMJDY account to deposit money and receive some sort of government benefit, a higher share of Cluster III (18%) appears comfortable using their PMJDY account to transfer or send money. There is high potential for PSBs to move more customers into this segment, diversifying their use of the PMJDY account.

**FIGURE 11. ENROLLMENT IN INSURANCE**



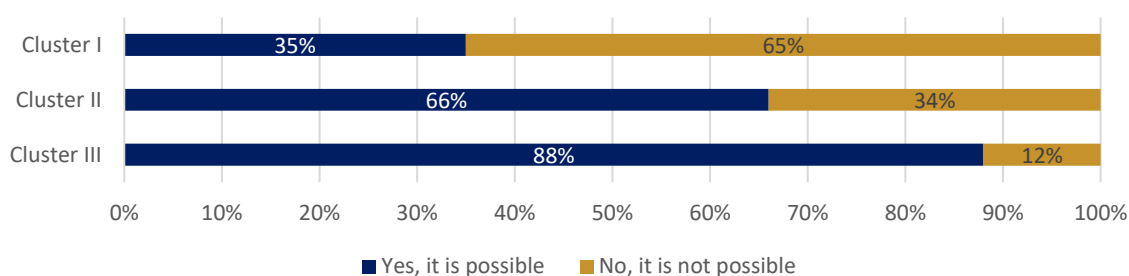
Source: Authors. Data are self-reported and not validated with administrative data. Respondents were asked “What type of insurance do you currently have?” and could select one or multiple responses. Market data shows that these figures may be biased based on respondent awareness of insurance access. For example, according to PSB I and PSB II the majority of customers have accident insurance.

**FIGURE 12. USAGE OF INSURANCE**



Source: Authors. Data are self-reported and not validated with administrative data. For those respondents who were from agriculture and allied sector like livestock, poultry etc.; they were asked if they had any kind of insurance (crop or livestock insurance). We further asked if they did experience any agricultural loss and in case of an agricultural loss whether they made any claims. Market data shows that these figures may be biased based on respondent awareness of insurance access. For example, according to PSB I and PSB II the majority of customers have accident insurance.

<sup>17</sup>This interpretation is consistent with Women’s World Banking’s report “Market Opportunities for Women’s Savings: Evidence from India” (Archer et al, 2021), which found there is a threshold of excess cash above which women at all income levels prefer to set aside money outside their home in financial services, savings groups, or assets like livestock or jewelry.

**FIGURE 13. ABILITY TO RAISE ₹7,500 IN A MONTH**

Source: Authors. ₹7,500 is equivalent to 1/20 GNI per capita, a common measure of financial resilience in the face of shocks.

Figures 11, 12, and 13 offer a picture of insurance and resilience among the three groups. More than 50% of those in Cluster I do not access any insurance products. Among this group, 46% had enrolled into micro-pension schemes like Atal Pension Yojana (APY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and crop insurance; microinsurance schemes such as livestock insurance; or another insurance product. Nearly 12% of the women in this group depend on agriculture and allied sectors for livelihood, but only a third have crop or cattle insurance. Looking into reported risk events within the group of women dependent on agriculture, close to 16% of the women in this group had suffered agricultural losses in the past year and remained outside the safety net of any insurance schemes in agriculture. For those who had insurance, only 2% made a claim. Nearly 25% of the women in this group are enrolled in APY, followed by a 13% enrollment rate in PMSBY or accident insurance. Enrollment in the schemes may not be entirely due to their awareness of and interest in these schemes, but rather because some insurance products are bundled with PMJDY accounts. For instance, during our interactions, one of the beneficiaries noted, “For some reason, a sum gets deducted from my account, and I don't know if that is a scheme or policy; when I ask the BC, he tells me to go talk with the bank.” The women in Cluster I have very low resilience: when asked if they would be able to raise Rs. 7,500 within 30 days, 65% reported that they would not be able to in the given timeframe. This implies that there is an insurance protection gap that must be addressed, starting with increasing insurance awareness among this vulnerable population.

Among Cluster II account holders, 62% have some form of insurance. A majority of the women are covered under PMJJBY, followed by accident insurance and Ayushman Bharat schemes. Given health risks, the coverage of health insurance schemes like Ayushman Bharat is 23%. In Cluster II, 13% of respondents have submitted claims. This is an impressive achievement for this category of women as compared to Clusters I and III: nearly 23% women in Cluster II were employed or dependent upon agriculture and similar activities for their livelihood, and 12% reported suffering from unforeseen events in the last year like drought, flood, theft, death of cattle, or other situations negatively impacting them. However, only 7% of these women are enrolled in any cattle and crop insurance products. These women tend to be more resilient than those in Cluster I: when asked if they would be able to raise Rs. 7,500 within 30 days, only 34% reported that they would be unable to in the given time frame.

The insurance enrollment for the Cluster III was the lowest (33%), with the majority of women being covered by PMSBY and PMJJBY schemes and no enrollment into the APY scheme. Nearly 20% of the women in this category are dependent and employed in agriculture and allied activities for livelihood; 13% reported suffering agricultural losses in the last year. No one in this group (albeit a smaller sample size than the others) was enrolled in crop, cattle, or other agricultural insurance schemes. Cluster III was the most resilient group: when asked if they would be able to raise Rs. 7,500 within 30 days, only 12% reported that they would be unable to in the given time frame.

Segmenting by cluster is a data-driven approach, but it is not the only way to understand women customers. In Box 2, we outline an alternative design-focused approach driven by qualitative research and complementary supportive quantitative data. This approach is one resource the Women's World Banking team has utilized as part of its women-centered design methodology.<sup>18</sup>

### Box 2: Savings Personalities

*An excerpt from "The Power of Jan Dhan"*

*Women have a range of savings personalities. As part of a design research exercise with customers of PSBs across India, Women's World Banking identified five different types of savers, who in turn respond to a diversity of savings incentives. They include:*

- *Goal-oriented savers*
- *Struggling savers*
- *Load bearers*
- *Secure savers*
- *Secret savers*

*Understanding their various motivations for saving can help drive product design and capacity-building efforts.*

<sup>18</sup>For more information, see Women's World Banking (2021).




# Recommendations for Policymakers and Practitioners

India cannot meet its ambitious financial inclusion goals without focusing on low-income populations who currently have access to the financial sector but are not using it to its full potential. For this segment, PSBs are already a preferred place to store savings. Furthermore, this group may be the easiest new group to engage in a range of formal financial services given that they are actively using their accounts and familiar with account features, including saving and withdrawing their DBTs. Our market segmentation of this group offers natural recommendations for the ways in which public sector financial institutions and policymakers can encourage further engagement among this segment. Active usage of not just accounts but other products, such as those for managing money, saving, borrowing, making payments, and insuring against risk, can allow such customers to achieve greater economic empowerment. In turn, policymakers will increase their success in achieving national- and state-level targets; FSPs will increase social and financial returns.

Customers of PSBs are not a homogenous group: a gender-based look at their needs and preferences shows that while women possess a lower savings volume than men, they are more likely to have clear goals for their savings. Women's lower savings volume is not always because they are lower earners, however: there are clear barriers to increased account usage and further engagement with other products, including familiarity with financial services, lack of incentives for managing money in the formal financial sector, and lower financial capability. Thus, if provisions are made with the most challenged group in mind, all customers reap the benefits.

These gender-based needs and preferences, alongside Women's World Banking's experience serving these customers, offers clear insights for driving action among relevant policymakers and practitioners. We therefore offer a series of recommendations based on our work building products for this segment:

1. **Target low-income account holders.** Specifically target PMJDY customers in the portfolio to more actively use their accounts. DBT recipients are already engaging with financial services through the withdrawal of available funds. Recognize this as a "Step One" for financial inclusion and a captive market for active account use.
2. **Focus on building savings habits and volume.** DBT recipients are already using their accounts to put aside small amounts of money. PSBs can transform these savings habits into higher savings balances. Use savings innovations to encourage and incentivize building up a useful lump sum. Women's World Banking has implemented this recommendation with three PSBs, gamifying and incentivizing increased savings behavior among Jan Dhan account holders, and has seen increased transaction volume as a result.
3. **Cross-sell to diversify product use.** Target a broader range of more complex products to the most active and highest-earning customers. Overdraft facilities, formal credit, insurance (crop, health, accident, and life, for example), and payment mechanisms are all financial management tools that low-income people need as they shift their financial management from informal to formal sectors. Offering a variety of products



not only helps customers in this transition; it has also been proven to deepen engagement across products and services.<sup>19</sup>

4. **Build financial capability among users.** Women’s knowledge, skills, and attitudes drive their financial behavior. For example, women’s lack of confidence in their ability to utilize a range of financial services is a barrier that can be directly addressed by integrating opportunities to practice using such services into the product design: e.g., practicing saving at a bank, gamifying active use of services, and creating social opportunities to share tips and tricks for using financial services are all ways financial services institutions and policymakers can increase this segment’s financial capability. Women’s World Banking tested a range of these in partnership with a PSB, the results of which are discussed in our report “The Power of Jan Dhan.”<sup>20</sup>
5. **Build and explore new digital financial channels.** Our survey shows that mobile phone access may be higher among both women and men account holders than it is among the general population, but few PMJDY customers transacting at BC points are using their mobile phones for banking. Closing this gap between personal technology access and financial services, building on the strong foundation of the BC channel, would offer new channels and opportunities for PSBs.

While these are not the only ways to increase engagement among PMJDY customers, they may spark new ideas for policymakers and practitioners.

We identified three unique segments of users and the various ways in which they engage with their financial lives. Women’s World Banking has put some of these ideas into practice in the “Jan

Dhan Plus” solution it has replicated with three PSBs in India (see Box 3).<sup>21</sup>

For those in Cluster I, a PSB can increase motivation while decreasing the challenges associated with setting aside limited earnings or benefit transfers in order to build a volume of savings. The majority of this cluster shows strong saving habits but low savings volume, which presents a business opportunity. Additionally, pushing this segment to engage with more financial products might include innovations such as incentives for housewives, flexibility in required savings (e.g., no minimum deposits or balances), and financial capability building for the present as well as the future. This segment can also handle more products, particularly microinsurance, as they are aware of the risks they face.

For Cluster II, a PSB should focus its resources on increasing familiarity with the bank and strongly encouraging active use of formal savings products. For this segment, the bank’s biggest competitors are cash and informal money management tools. This segment is the

### Box 3: Jan Dhan Plus for increased engagement

*In 2020, Women’s World Banking piloted a series of small changes to Jan Dhan accounts, which resulting in big impacts. The solution included direct training of BCs serving low-income customers in the goal of increasing financial capability-building efforts. It also included an incentive structure for customers who saved US\$ 6 per month for five months, unlocking an overdraft facility feature of the account. Among the pilot group, BCs enrolled 150% more customers. 32% of women who heard about the pilot wanted to save more, and 18% showed a sustained increase in their savings. The pilot was so successful that Women’s World Banking is now working with three PSBs to implement the solution in both rural and urban areas.*

<sup>19</sup>See, for example, Mirpourian & Kelly, 2021.

<sup>20</sup>Women’s World Banking, 2021.

<sup>21</sup>For more information on the solution and its results, see Women’s World Banking, 2021 and 2022.



likeliest to engage more deeply with their accounts, as they have the finances to do so. They can actively use savings schemes, insurance, payments, and pensions given the opportunity.

For Cluster III, primed for new or additional products, a PSB can deploy its resources to increase awareness of and comfort with digital infrastructure, taking advantage of the possibility of more complex digital services. These users may also be ready for credit, a higher volume of

payment activity, and more complex insurance products.

Heeding the gendered needs and preferences of PMJDY users—especially those who transact primarily at agent points—is essential to closing the access-use gap among financial services in India. Designing products specifically for this segment has the potential to benefit customers, PSBs, and policymakers alike as India continues to move forward into a more inclusive financial landscape.



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