How Are Women’s Livelihoods & Financial Needs Changing in a Digitizing Economy?

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Women in Platform, IOC and MSEs

Photo Credit: CGAP 2020, 2021
Women in Platform, IOC and MSE

Platforms

- Women are present on platforms largely in sectors in which they dominate offline.
- Women's platform work is more part-time and supplementary to HH income than men’s, but they also appear to also be in it for the longer term.
- Most women in the survey said platforms have created greater opportunities for them.

Informal Online Commerce (IOC)

- Women remain in the same sectors that they traditionally operate in but play the role of being their own boss, rather than an employee.
- Lower barriers of entry are appealing.
- Some IOC entrepreneurs focus on supplementing HH income, but many others transition to being an equal if not primary source of HH income.

Micro & Small Enterprise (MSE)

- For women, MSEs create a pathway to economic independence (however small or limited).
- Women see MSEs as a viable alternative to wage employment.
- But business ownership is not without its challenges - from tenuous consent from family to operate a business to persistent sexism from customers, suppliers, FSPs.
Women’s work on platforms: part-time, but longer term

Hours spent on platform work per day (N= 237)

<table>
<thead>
<tr>
<th>Hours</th>
<th>Women</th>
<th>Men</th>
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<tbody>
<tr>
<td>13+</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>10-12</td>
<td>13%</td>
<td>30%</td>
</tr>
<tr>
<td>7-9</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>4-6</td>
<td>21%</td>
<td>35%</td>
</tr>
<tr>
<td>1-3</td>
<td>16%</td>
<td>9%</td>
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</tbody>
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Why do you do platform work? (N= 237)

- To earn income while searching for a better job: 49% Women, 46% Men
- To supplement existing personal or household income: 53% Women, 46% Men
- To get money towards a particular goal or purchase: 32% Women, 28% Men
- To do this work as a career: 17% Women, 21% Men
- To find customers for another business I own: 18% Women, 13% Men
- Because it was recommended by friends / family: 18% Women, 12% Men
- Because someone else told me I had to: 17% Women, 2% Men
- Because this was the only work available: 18% Women, 17% Men
Safer, but not yet safe enough

**Things women like best about platform work:**
Top 5 answers (N=237)

- **Being my own boss**
- **Setting my own hours**
- **I am paid on time**
- **More work is always available if I want it**
- **The work environment is safe**

**Areas where women expressed more dissatisfaction about platform work than men** (N=237)

- The work is too mentally and physically demanding
- Platforms do not protect me
- The work environment is unsafe
- I am looked down upon by my community for doing the work
- The rating system for workers and customers
- The amount I have to work to make ends meet is too much
- The non-monetary benefits are lacking or not valuable
How is digitization changing livelihood opportunities for women as workers and entrepreneurs?

Women with access to digital tools and basic digital skills can use social media and gig work platforms to:

- Find more opportunities in the sectors they operate in and increase income (per-job rate growth)
- Reach new markets with their products or services from home
- Engage in flexible livelihoods to better meet their needs.
- Circumvent gendered constraints to obtaining work, and sometimes even the ability to work at all.
- Benefit from the anonymity, depersonalized intermediation which could lead to increased bargaining power vs. clients

For Women MSE’s, many of whom have low digital capacity, limited access to devices and low trust in digital tools the benefits of digitization remain elusive:

- Women MSE either do not see value in or do not have the ability to benefit from digitization as means to enhanced access to finance or providing safety, trust and transparency in commercial exchanges.
- Remain invisible to DFS providers who rarely venture to serve the types of businesses women run - very small, informal/ semiformal, low ticket sized financial needs,
What challenges do women face in a digitizing economy?

- **Gender based sectoral segregation** that exists in the offline economy gets replicated on digital platforms
  - Women led MSEs are concentrated in retail sector / lower margin sectors
  - Women in Platforms and IOC are similarly concentrated in retail trade or personal care services ("women’s sectors")

- **Digital career and pathways may be perceived as less serious work**, especially in the case of “home based businesses” and this leads to fewer support services including financing.

- **Digitization of work does not solve work-life balance issues**; flexibility is not always a boon for women;

- **Safety concerns** in certain kinds of work may limit earning potential.

- **Digitization and formality are perceived as threats** by women MSE’s as it could lead to reduction or loss of control

- **Lower digital skills and digital literacy** limit women's ability to grow their business
What do we know about the financial behaviors and financial service needs of women in a digitizing context?

Payments
- Customer preference drive the choice of payment mode for Women MSEs and IoCs.
- For platforms, the default is set to digital and women in platforms are expected to accept it.

Savings/Deposit
- Women in platforms and IOCs often have a savings or deposit account linked to digital payment
- Women MSEs often use personal savings to start their business to maintain autonomy

Credit/Investment Capital
- Significant constraints to getting credit from FSPs
- Low trust in formal and digital lenders
- Family, friends or trusted and know informal sources are preferred sources of capital

Insurance/Long term security
- When insurance was offered, women in platforms adopted it at twice the rate of men
- They are interested in tools that can guarantee long-term security for their families, such as life insurance, pensions, and financial planning assistance
How can financial services support better livelihood outcomes for women in a digitizing context?

1. **Build trust through Tech + Touch** (especially for onboarding and troubleshooting)
2. **Tailored credit products** (for women's businesses while understanding gender specific barriers)
3. **Offer bundled financial and non-financial (e.g., literacy, advisory) products**
4. **Leverage existing relationship (e.g., suppliers) and networks (family and friends)**
5. **Design products to expand livelihood opportunities and build long term security**
Implications of the findings