Digitizing Women's Money Management – A Project Brief

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Background and Project Overview

The money management practices of women from Low-Income Households (LIHs) revolve around the challenges posed by their small, irregular, and unpredictable household incomes. Their primary focus is on daily cashflow management to ensure that money is available when needed. These women make financial decisions frequently, in an irregular, intuitive, and automatic manner, and embedded within a complex network of interactions that they maintain within their communities. Despite these realities, the design and delivery of financial services have not adequately taken into account the unique needs of women from LIHs, and thus fail to seamlessly integrate into their lives. Moreover, with the increasing digitization across various aspects of life, Financial Service Providers (FSPs) are increasingly exploring opportunities to leverage Digital Financial Services (DFS) in reaching a wider demographic, including previously underserved groups such as women from LIHs. However, the scarcity of formal financial tools relevant to them results in limited engagement by these women, thus further hindering their ability to fully benefit from the advantages offered by DFS.

ATTRIBUTES OF DESIGN AND DELIVERY OF FINANCIAL PRODUCTS THAT CAN LEAD TO MEANINGFUL FINANCIAL INCLUSION[1]	
Relevance	Products and services are value-enhancing for the customer.
Accessibility	Products and services are designed to minimise frictions in their usage.
Affordability	Products and services are priced in a way that customers can afford them
Trustworthiness	Products and services are accompanied by an assurance that the more powerful party ex-post will not exploit the less powerful party and will honour the promises made ex-ante.
Intuitiveness	Products and services are well attuned to the context of the customer and the functional value that they provide is easily apprehended by the customer.

Recognising this reality and placed within the overarching goal of enabling the uptake and utilisation of suitable digital financial solutions at scale, the Digitizing Women's Money Management (DWMM) project aims to tackle the challenge of low adoption and usage of digital financial services among women in India's LIHs. Our understanding is that one of the key reasons for this low adoption is lack of understanding or recognition within the financial sector space – comprising both FSPs and policy makers- of the unique financial needs of these women. Women from LIHs primarily rely on a sophisticated repertoire of daily money management practices and draw on the relations they cultivate and leverage within their community to manage their financial life.

Through the DWMM project, we aim to uncover prevalent money management practices among a sample group of women from LIHs and assess the potential for digitization of these practices. We believe that the first step towards women adopting digital financial services is to explore the potential for migrating their current management practices to a digital platform. To explore the potential for this migration, we also implement an intervention through the course of the project–

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[1] Dvara Research. (2023, August 30). Financial Customer Protection - An Interim Report (p. 10). Retrieved from https://dvararesearch.com/centre-for-customer-protection/wp-content/uploads/2023/08/Dvara_Research_30082023_V19.pdf

an assisted model employing female peers or *Sakhi*s. Our intervention, with appropriate safeguards built in, aims to determine the feasibility of such a migration using an existing UPI app.

Figure 1 - DWMM Project Objectives

This app serves as a digital platform solely for executing transactions, allowing the possibility for retention of the repertoire of money management practices in their current form while making it cashless and at times, remote. By providing guidance through the *Sakhi*s, we aim to create a relatively hassle-free and supportive environment that enables these women to embrace digital solutions, in this case - a digital payments app. Ultimately, this project aims to help bridge the existing gaps in knowledge that is needed to promote meaningful financial inclusion for women of LIHs.

Project Design

The project is for 6 months, throughout which we will collect biweekly data (using a survey instrument) on the money management practices of the participants – a group of 300 women residing in villages located in the Alwar and Dausa districts of Rajasthan. Additionally, the intervention in the project involves introducing a UPI-enabled mobile payments application to the project participants. The introduction of the UPI app (specifically, PhonePe) will be facilitated by a group of 30 *Sakhis*, who belong to the same villages as the participants. Each *Sakhi* is responsible for approximately 10 participants. These *Sakhis* had been trained and were actively engaged in assisting women in their villages with educating, accessing, and enrolling them in government schemes, pensions, and life insurance policies, and have demonstrated proficiency and trustworthiness among their community.
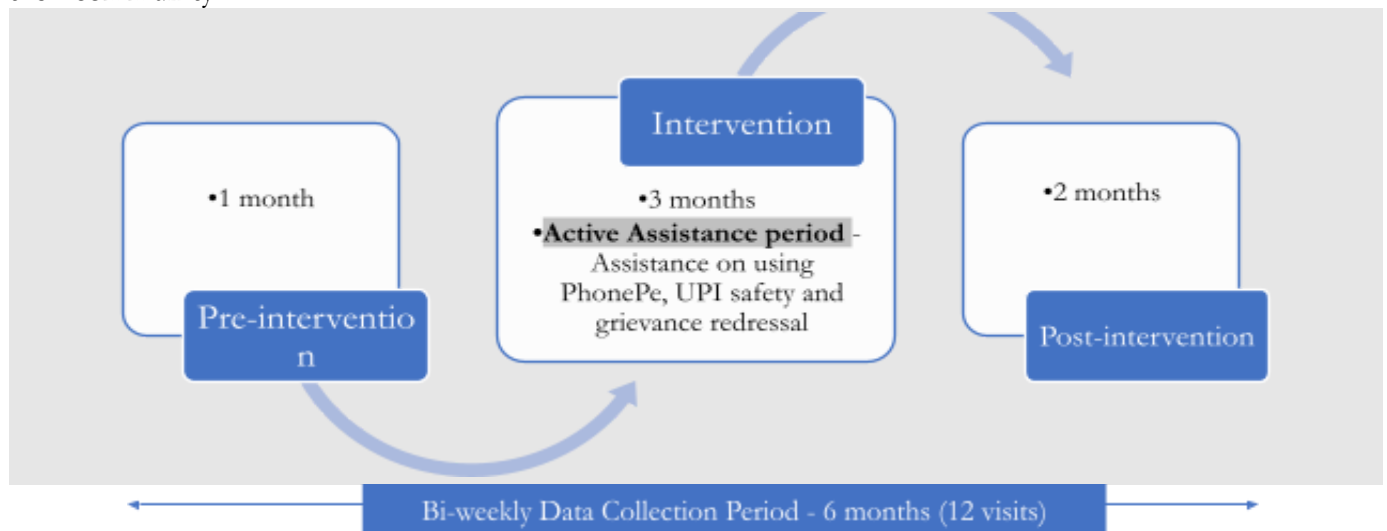

Figure 2 - DWMM Project Timeline

Data Collection Exercise and Survey Instrument

The data gathered during the project will be valuable for analyzing the money management practices of the participants before, during, and after the women receive guidance in using PhonePe from the *Sakhi*s. This data will further unveil insights into whether and how various groups of women exhibit distinct behaviors related to their finances.

Foundational Framework of the DWMM Survey Instrument

The survey instrument used in the project is designed to uncover money management practices, and it is structured based on the categorical framework developed by researchers Ignacio Mas and Gayatri Murthy. Their work, described in a series of papers[2,3], sheds light on how the financial behavior and decision-making of low-income households differ from those of higher-income households. The figure below provides a concise overview of the three broad coping strategies identified by Mas and Murthy. Underlying these three strategies are broad sets of rules that aid LIHs' decision-making - *hierarchies* and *routines*. Hierarchies prioritize financial needs, obligations, income, and liquidity sources, tailored to situations. Routines establish defaults for consistent money management, providing a sense of financial control amidst volatility (See Advancing Digital Financial Inclusion of Women from Low-Income Households for a more detailed discussion).

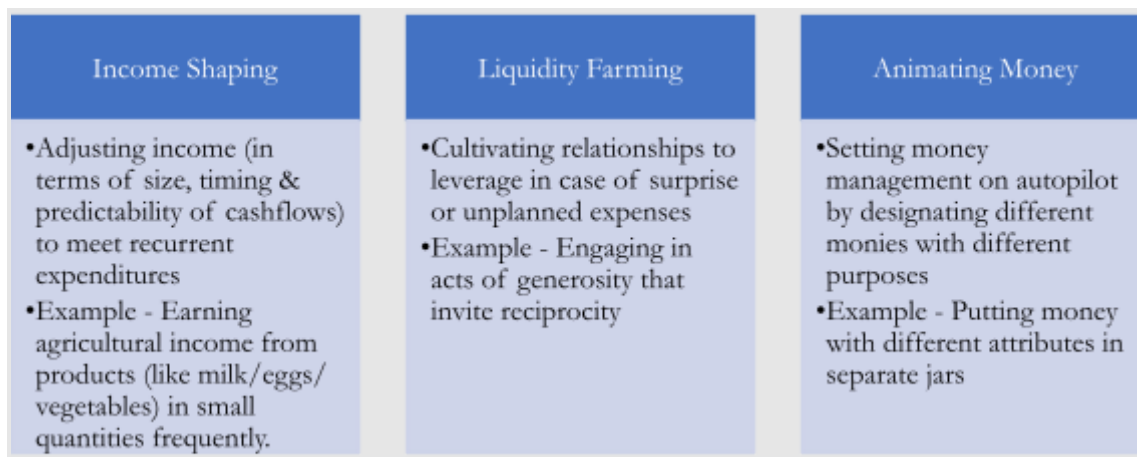| Income Shaping	Liquidity Farming	Animating Money
•Adjusting income (in terms of size, timing & predictability of cashflows) to meet recurrent expenditures •Example - Earning agricultural income from products (like milk/eggs/vegetables) in small quantities frequently.	•Cultivating relationships to leverage in case of surprise or unplanned expenses •Example - Engaging in acts of generosity that invite reciprocity	•Setting money management on autopilot by designating different monies with different purposes •Example - Putting money with different attributes in separate jars

Figure 3 - Framework of Money Management Practices of Low-Income Households

The survey is structured into two main sections. The first section focuses on transaction-related questions, starting with participants' transaction records and leading to follow-up enquiries aimed at exploring their underlying money management practices or coping strategies employed. In this section, two separate instruments are used: one for non-UPI transactions and another for UPI transactions. Though the questions remain the same, the flow differs between these two instruments. To record the participants' transaction history over the past two weeks, the non-UPI instrument employs a 'memory aid' featuring contextual verbal and visual cues to prompt transactions, while the

[2]Mas, I., & Murthy, G. (2015). Money Decisions and Control. Retrieved from:
https://www.cgap.org/research/publication/money-decisions-and-control
[3] Mas, I. (2015). Money Resolutions, a Sketchbook. Retrieved from
https://www.cgap.org/sites/default/files/researches/documents/Working-Paper-Money-Resolutions-Sketchbook-Jan-2015_0.pdf

UPI instrument relies on the transaction history on the participants' UPI app. Follow-up questions, common for both the instruments, are tailored to the kinds of transactions, such as loans (both given and received), savings, sales, and purchases, among others, and are designed to delve into the reasoning behind these transactions that each participant engaged in. In doing so, we aim to identify the underlying coping strategies inherent in each transaction decision. Additionally, these questions seek to uncover any inherent hierarchy or prioritization in transaction choices and to assess the regularity of specific transactions. Consequently, by analyizing the responses to these follow-up questions and by studying them alongside emerging patterns over time for each participant, we hope to gain insights into their underlying money management practices.

The second section comprises non-transaction related questions, which are independent enquiries about the participants' goals and income sources. These questions aim to understand how participants prioritize their goals and the different income-generating activities they pursue. Their goals can range from short-term to long-term, encompassing any objective with a financial implication, including immediate needs as well as long-term aspirations. In this section, the questions are intended to uncover and document money management practices that participants engage in, even if these practices have not yet materialized as transactions. In other words, these practices are akin to their money management mental models.

Outputs
The DWMM project is an exploratory study that seeks to document the variety of money management practices among women from LIHs and to evaluate the potential for digitization given a secure and conducive environment. In the future, we hope that these insights may aid in the creation of tools, whether digitial or otherwise, to make daily money management a smoother, easier, and hassle-free activity for women in LIHs.