

# HERfinance: Financial Behaviors of Female Workers in Ready-Made Garment Factories in India

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BSR's HERfinance Digital Wages Program—in partnership with MicroSave Consulting (MSC) and with support from the Bill & Melinda Gates Foundation—conducted a quantitative study of the financial behaviors of women working in India's Ready-Made Garment (RMG) factories. Despite widespread bank account ownership, the findings illustrate a fundamental disconnect between women's financial needs in India and the usage of the panoply of products offered to them, including Digital Financial Services (DFS). This gap suggests the need for financial education and support for women toward further incorporating financial products in their daily lives.

## Introduction

Three years after demonetization and digitization of wages in India, low income garment workers—especially women—are not using or benefiting from financial services.

HERproject commissioned research with Microsave Consulting (MSC) which found that 57% of female garment workers need assistance to transact at an ATM.<sup>1</sup> This leads many women to hand over their ATM cards to family members, or even security guards at the ATM. Additionally, there is a 17% gender gap in mobile phone ownership with men significantly more likely to have a smart phones or feature phones than female workers. Usage of digital financial services such as sending P2P payments is low by both male and female workers.

This brief sets out the learnings from the research, and provides recommendations for employers and practitioners to ensure that wage digitization is gender responsive and that women fully benefit from the transition.

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<sup>1</sup> Financial behavior of female workers in RMG factories in India Study 2019, conducted by MSC as part of the HERfinance Digital Wages program, India. Interviews held in Delhi with 98 female and 68 male garment workers and Bangalore with 126 female and 28 male garment workers

## Background

12 million people work in the RMG sector in India, with five major garment production hubs in and around Delhi, Mumbai, Tirupur, Bengaluru, and Chennai. Women comprise more than 60% of the workforce in Indian RMG factories. Most of these women belong to lower-income groups and contribute semi-skilled labor to the RMG manufacturing process.

The vast majority of garment workers have been paid into accounts since the 2016 Government of India demonetization program. However, widespread bank account ownership does not inherently translate to financial inclusion, nor to the confident use of digital financial services.

This is especially true for women who—although capable of accessing formal financial services—do so disproportionately less than men. In 2015, 58% of women in India owned at least one bank account yet only 35% of these women were using that account, compared to 49% of men who owned bank accounts.<sup>2</sup> HERproject research conducted in 2018 also underscored this disparity. In order for financial inclusion to be fully realized, access to financial products and services is not enough. Support for women workers toward using these services is also crucial.

In order to close the financial inclusion gender gap, a deeper understanding is required of the opportunities and challenges female garment workers face when accessing and using financial products and services. This is especially true for use of DFS, as well as for mitigating the unintended and intended consequences of increasing their financial inclusion. The MSC research conducted in June and July of 2019 was commissioned by BSR to better understand the gender gap and the financial proclivities of low-income working women. Research included interviews with 320 garment factory workers (96 men and 224 women) in 10 RMG factories (five in Bangalore and five in Delhi).

The research scope covered four main themes:



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<sup>2</sup> <http://finclusion.org/uploads/file/reports/InterMedia%20FI1%20Gender%20Report.pdf>. Accessed December 2017.

## Key Findings

The findings from the research revealed the persistent challenges women face in accessing and using relevant financial services and products, including DFS. Understanding these gaps in female usage of DFS also revealed the need for a support structure to accompany the digitization process. These findings offered valuable insights which can be used by financial service providers, employers, and training providers toward enhancing product offerings and trainings to respond to women's unique needs. Thereby bridging the gaps in knowledge and skills in order to further women's financial inclusion.



### Mobile ownership and literacy

There is a significant gender gap in mobile ownership and mobile literacy—entry points to the adoption and usage of DFS.

- » **Women are less likely to own a mobile phone (smart phone or feature phone) than men.** There is a 17 percentage point gender gap in mobile ownership, with 81% of women owning a mobile phone compared to 98% of men. Of that, 36% of women owned a smart phone compared to 68% of men.
- » **Women are less likely to be comfortable operating a mobile phone.** 69% of women reported being comfortable operating a mobile phone, compared to 85% of men.



### Financial behavior and access to finance

Women are more likely to struggle to operate their account at both ATMs and bank branches, resulting in less confidence in DFS use and increased financial vulnerability.

- » **The majority of women required assistance in using the ATM.** 57% of female respondents needed assistance at an ATM, compared to only 10% of the male respondents. Of the women who required assistance, 53% needed help to understand which buttons to push, and 33% needed help to read the instructions. Requiring such assistance at the ATM leaves women vulnerable.
- » **Many women depend on others to access cash/use financial services.** Almost half (48%) of the women who used ATMs gave their pin numbers to helpers assigned to aid them in making a transaction. Sharing pin numbers with such helpers opens women up to risk. Rather than encouraging financial inclusion, such a barrier to financial access decreases empowerment. Further to this, low digital and financial literacy in regard to such services increases female dependency on male members of the family to make such transactions. Thereby leading to confidence levels for women in using formal financial services.
- » **Women are more likely to experience challenges when visiting a bank branch.** Many women feared losing their money if they made a mistake, and were also concerned about information theft. Moreover, 29% of the women reported challenges that men did not cite at all, such as issues in filling out the forms (15%), unhelpful staff (7%), and inconvenient opening hours (7%). Women's

constraints on time was a common theme, as women often have duties at home which may have affected female respondents' concerns about bank opening hours.

- » **Women are less likely to operate their accounts independently at the branch.** While most men visited the bank (86%) and ATMs (91%) alone, less than half of the women respondents went alone to the bank branch or ATM. This also indicates a barrier to financial empowerment and inclusion.
- » **Women are also less likely to use debit cards.** Research showed that 44% of men, contrasted with 17% of women use debit cards at any place. Men are also more likely than women to use digital financial services to pay insurance premiums, repay loans, facilitate person-to-person (P2P) transfers, and send remittances. The lack of utilization further hinders the ease and facility of digital wage payments in the lives of female workers.



## DFS adoption and usage

Female uptake of digital financial services and mobile banking is much lower than the rates of usage by men.

- » **Women are less likely to use mobile banking.** While 22% of men use their smartphones for mobile banking, only 3% of women smartphone owners do. This is specific to DFS use, as use cases outside of DFS usage were similar for both men and women. Among respondents who possessed a smart phone, both genders equally used their phones to watch videos, take pictures, play games, read the news, and browse social media.
- » **Other digital financial services were found to be used mainly by men.** While 57% of men reported having a mobile wallet, only 10% of the female respondents reported such. While 18% of male respondents used internet banking, no female respondents did so. The uptake of [BHIM \(Bharat Interface for Money\)](#)—a mobile payment application developed by the National Payments Corporation of India (NPCI)—showed similar differences: only 1% of women and 22% of men used the application.
- » **Payments such as remittances, P2P transfers, and insurance premiums are used disproportionately and yet can be a strong entry point for the adoption of DFS.** While use of DFS for P2P was equal for both genders at 5% of respondents using it, there was a gender gap in the use of DFS to send remittances. Only 12% of women used DFS to send or receive remittances, compared to 34% of men.

## Financial management

Female respondents have an active financial life, which suggests that better training and support around DFS could result in increased financial inclusion.

- » **Female garment workers used several methods for savings, investment, and credit—the majority of which were outside the formal banking system.** 83% of all women surveyed saved a portion of their salaries. Women saved for old age, their children’s education, or to build assets. In contrast, men generally saved for emergencies and their children’s marriages. However, the majority of the savings by women were via informal channels.
- » **Women are almost twice as likely as men to use informal financial channels such as savings groups and chit funds.** While almost 80% of all respondents practiced some form of savings, almost a quarter of respondents saved via informal channels. Among men, only 15% of savers used informal channels, while among women, 27% saved via such informal means. Reasons cited for such use of informal channels ranged from ease of accessibility to saving time and cost. Respondents also noted such informal channels as requiring them to save, and enabling them to build up lump sums. Other underlying factors may be the lack of women-centric products in the DFS ecosystem and/or lack of mobility for women in the community.
- » **19% of women reported having no savings at all compared with 14% of men.** Gender discrepancies can also be seen in investment decisions. 60% of respondents were making some type of investment, but men were noticeably investing more in land, while women were investing more in gold.
- » **Women are more likely to take credit from informal sources.** One quarter of the respondents (25% of women and 25% of men) reported having taken credit. Of these, 70% of women and 52% of men borrowed from friends, relatives, and co-workers. Men were twice as likely as women to take credit from a formal financial institution (39% of men as compared to 20% of women), while women were twice as likely to use a self-help group or a microfinance institution (20% of women compared to 9% of men).
- » **Overall, there is 10 percentage-point gap in the use of insurance.** Women were found to be twice as likely as men to be aware of the Employee’s State Insurance ([ESI](#)) that the factories offered, (79% of women; 36% of men). However, there is 43 percentage point gap between men and women with regard to health insurance: 52% of male respondents were covered, while only 9% of female respondents claimed the same protection.

## Recommendations

The following recommendations for financial service providers, employers and development organisations will support low income workers, especially women to use, access and ultimately benefit from their payroll accounts.

### Recommendations for Financial Service Providers

**Providers should design and adapt financial products and services with female workers in mind.** This includes considering the user experience, platform interface, and the full ecosystem surrounding DFS.

**Banks serving garment factories should train their front-line staff to understand the needs of female workers** along with actively measuring and holding staff accountable for customer satisfaction.

**Ensure privacy and security especially for women.** Financial service providers should ensure that women can access agent networks conveniently and securely, including have female banking agents available. Additionally, allow female customers to recharge airtime without revealing their phone numbers to retailers, who are often men.

**Develop a simple ATM user guide aimed at low income workers, especially women.**

- Translate the sheet into relevant local languages and include a set of visual cues
- Review and get feedback on the ATM user guide from female garment worker clients

### Recommendations for Employers

**Map the catchment areas around garment factories or clusters of factories to understand the digital ecosystem** and identify products and services available nearby, including ATMs and agents.

**Work with corporate account and payroll account financial service providers to identify products relevant to workers** and provide training for workers, especially women, on how to access and use them – this could include savings, insurance or remittances.

**Invite payroll account financial service provider to deliver training for new staff, and refresher training for workers who need it to operate their accounts with confidence by including:**

- Process literacy training for branch transactions
- Instructions on how to use ATMs safely and securely.

### Recommendations for Development Organizations

**Include low income garment workers, especially women in financial inclusion interventions:**

- Identify the financial needs of female workers to access, use and benefit from DFS
- Work with employers and DFS providers to address these needs

**Build women's confidence through the peer educator model:**

- Peer educators share their knowledge and help their peers learn how to use mobile accounts.
- Observing peers using DFS encourages workers to try it for themselves

**Increase access to DFS and financial literacy**

- Promote the benefits of mobile phone ownership.
- Support workers in setting savings goals including saving for phone ownership.
- Explain how to use mobile money accounts to send remittances, top up phones, and pay bills.
- Raise managers' awareness of the issues faced by women in accessing their digital accounts

## HERfinance Approach

BSR's HERfinance Digital Wages Program promotes financial inclusion to unlock the full potential of women working in global supply chains. BSR's HERfinance Digital Wages Program aims to:

- (i) Ensure that low-income workers—particularly women—have the proper knowledge of, skills for, and attitudes about financial services; and
- (ii) Provide access to useful and affordable financial products and services that enable low-income female workers to participate in the formal financial sector.

In 2015, HERfinance partnered with the Bill & Melinda Gates Foundation to deepen the financial inclusion of women working in the garment supply chains in India and Bangladesh. The learning from this research has been used by HERfinance India to adapt and strengthen workplace training to increase workers knowledge and confidence to use DFS, especially for women.

## Conclusion

As evidenced throughout this brief, widespread digitization in India has not been a sufficient measure to ensure financial inclusion of female garment workers. There are still wide gender gaps on nearly every indicator in regards to comfort, confidence, and accessibility toward female workers' utilization of DFS. Having digitized wages, but lacking the confidence and comfort to access them leads women to seek assistance from male family members or ATM helpers when visiting banks or ATMs, thereby placing them in a vulnerable position. DFS that fail to address women-specific needs disincentivizes female participation in DFS in favor of more informal channels.

Therefore, this research has highlighted how digitization on its own is not sufficient for ensuring financial inclusion. BSR's HERfinance program accompanies the digitizing of wages with factory management guidance, partnerships with local service providers, and educational training modules for women. These measures are designed to bolster female workers and their specific needs during the payroll digitization process. This research illustrates that such an apparatus of support around the digitizing process is necessary. Digitization can be a powerful tool toward increasing financial inclusion of women, if it is conducted in tandem with thoughtful responses to the unique needs of female workers. Such digitizing—alongside training, education, and support—has the power to foster increased financial inclusion of women, thereby working toward reducing the gender gap.

Read the full report at <https://herproject.org/insights/view/financial-behavior-of-female-garment-workers-in-india>

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## ABOUT HERPROJECT

HERproject is a collaborative initiative developed and managed by BSR. It brings together global brands, their suppliers, and local NGOs to implement workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject has worked in more than 800 workplaces across 14 countries, and has increased the wellbeing, confidence, and economic potential of more than 1,000,000 women and 620,000 men. To find out more please visit [www.herproject.org](http://www.herproject.org)