



From access to opportunity: Digital skills drive women's economic empowerment

TODD FOX AND BARBARA KOTSCHWAR* / MARCH 2023

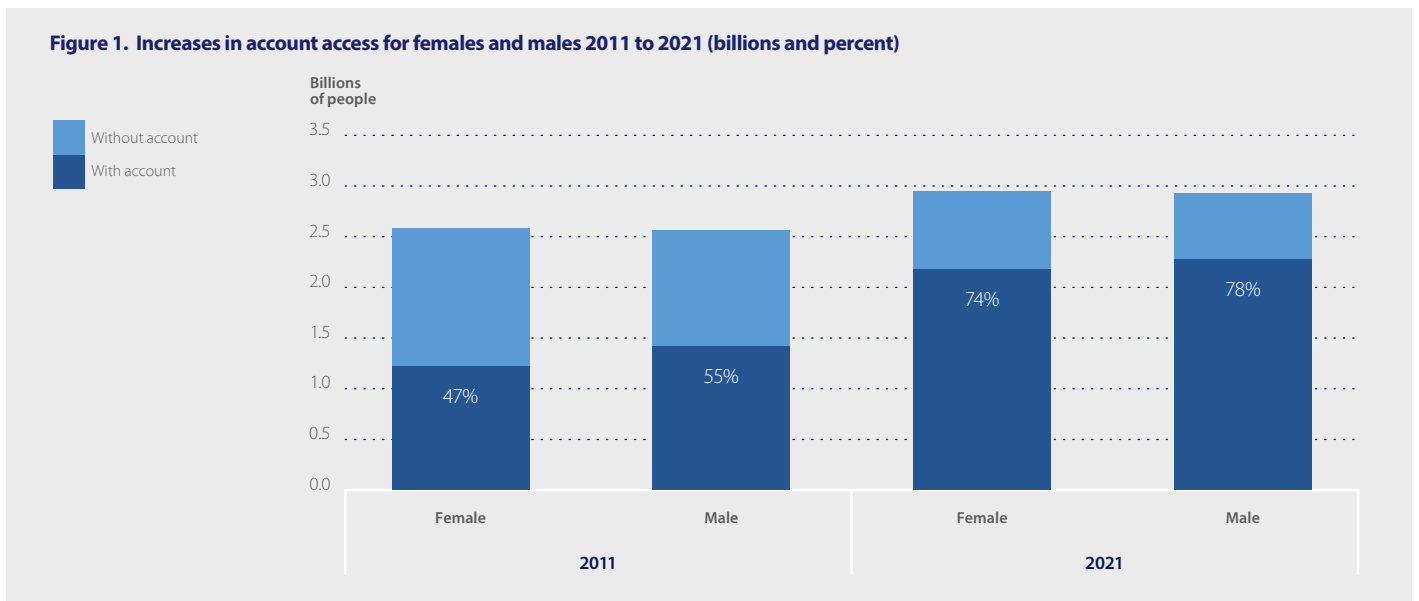
Over the past decade, more women around the world have gained access to a financial account—helping to narrow the financial access gender gap. But access is not enough. In this paper we set out a roadmap to move beyond access towards economic empowerment.

Looking through the lens a group of female entrepreneurs in Bangladesh, we focus on the importance of digital skills as a vehicle for women's financial inclusion. This group learned to use digital tools to weather the COVID-19 crisis. But the impact was far greater: These tools opened opportunities to export into new markets, allowing them to thrive, not just survive.

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More and more evidence suggests that enhancing access to digital payments is an effective tool to increase women’s financial inclusion and bolster economic growth. Recent research from the International Monetary Fund (IMF) shows that increasing digital financial inclusion in payments can boost annual economic growth by up to 2.2 percentage points (Khera et al., 2021). World Bank research over the past decade has also regularly demonstrated that economically empowering women increases economic productivity and improves development outcomes for countries (see, for example, World Bank, 2012). In this paper, we overview the benefits of increasing women’s access to and use of digital payments, with a focus on the multiplier effects of providing appropriate digital skills to women entrepreneurs.

As we observe International Women’s Month 2023, we see much to celebrate in the world of payments and financial inclusion. A decade’s worth of progress has brought millions of women into the financial access fold. Between 2011 and 2021, the worldwide share of women ages 15+ with a financial account rose from 47 to 74 percent, a more than 25-point gain. In other words, nearly 970 million more women – and just over 1 billion more men – have access to a financial account now than did a decade ago (see Figure 1).

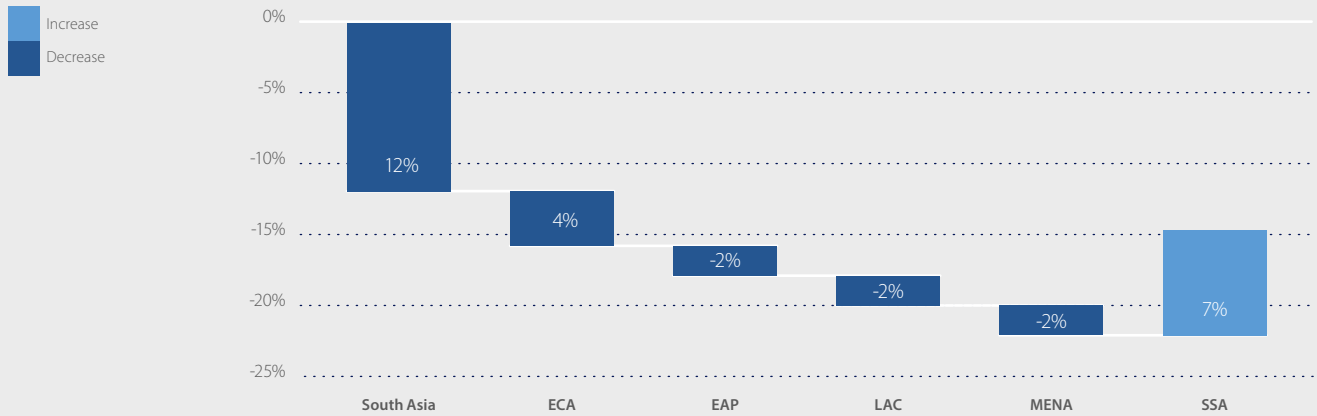


Source: Author’s calculations based on the World Bank’s (2022) Global Findex data

These increases also helped to narrow the financial access gender gap from 8 percent in 2011 to 4 percent in 2021—spelling good news for women around the globe.

In developing countries, overall account ownership rose nearly 30 points, from 42 to 71 percent, a gain of 361 million women and 362 million men. Most regions saw significant drops in their gender gap, as seen in Figure 2. While the gender gap grew in Sub-Saharan Africa (SSA), there is still plenty to celebrate in this region. Female account ownership has more than doubled, from 21 to 49 percent, meaning over 87 million more women in Sub-Saharan Africa have access to an account than did a decade ago. And, as of 2021, nearly a third of women have a mobile money account.

Figure 2. Financial inclusion gender gap, 2021 vs 2011



Source: Author's calculations based on the World Bank's (2022) Global Findex data

Access to accounts is important — but it is not enough

Increased access to financial accounts is worth celebrating, but we must not stop there. While a basic transactional account can lift people out of extreme poverty, true economic empowerment only comes with full participation in the digital economy. Figure 3 sets out three phases in the journey toward financial inclusion.

Figure 3. The three phases in the journey towards financial inclusion



Phase 1. Opening a transaction account

In addition to a traditional bank account, this first account can take the form of a debit credential, a prepaid card that can be used to make purchases with a merchant, or a mobile payment application for P2P payments. This is where financial literacy begins to take root.



Phase 2. Effective use

Individuals begin developing deeper relationships with a financial institution, gaining access to consumer credit and savings products. Financial literacy develops into practical money and business skills.



Phase 3. Transforming use into opportunity

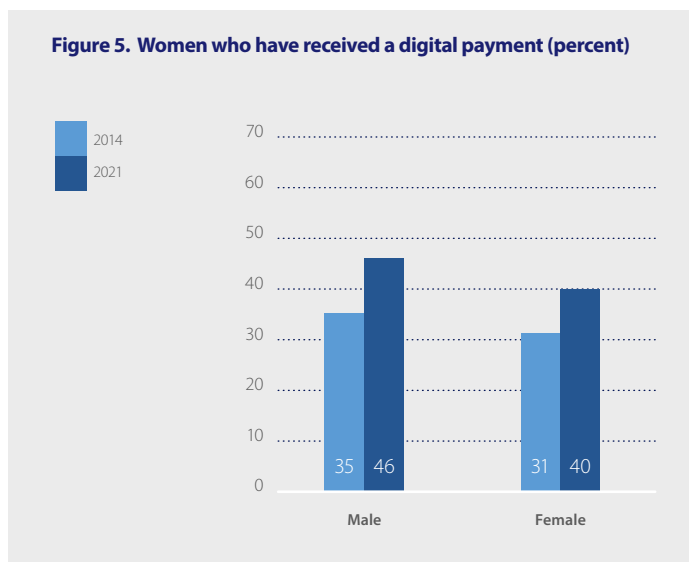
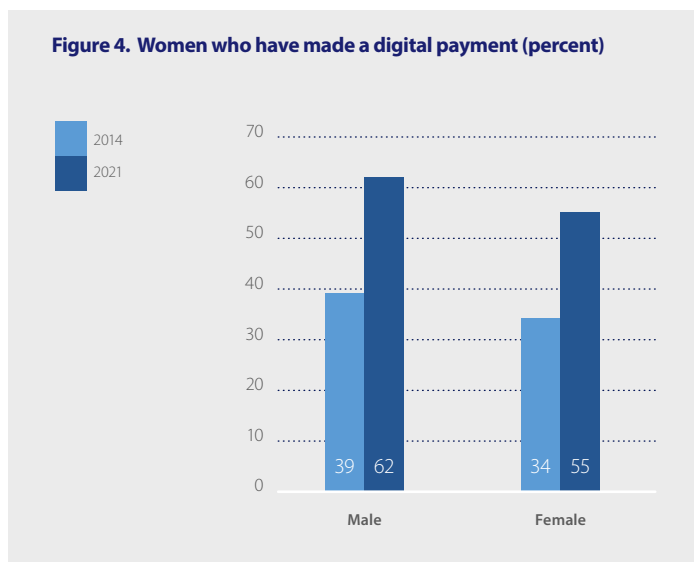
Finance creates opportunities to invest in a business or to purchase a home. Individuals not only know how money works, they are able to make their money work for them.

While the story on phase 1 of the journey is largely positive, neither policymakers nor business leaders should be complacent. The data presented in the previous section shows tremendous progress. However, it also underscores the fact that over a quarter of the world's adult women still lack access to a payments account. To reach a point where all women are financially included, policymakers must keep identifying and addressing rules, procedures, and norms that prevent financial access for women. And the business community must develop products and services that meet women's needs.

Access to a financial account is the beginning of the journey. But financial literacy begins to take root once individuals have opened a financial account. Usage of digital payments can act as an entry point into the formal economy, a point made by the Better than Cash Alliance (BTCA, 2017), which sees payments as a gateway for the unbanked to access other financial services that address their financial needs.

In the second phase, usage of financial instruments leads to a deepening experience with financial products. World Bank research finds that once a person has a transactions account, she is more likely to use other financial services, such as credit or insurance. These services can help women start or expand businesses, invest in education, manage risk, and weather financial shocks.

The most recent Global Findex data verifies this trend (World Bank, 2022a). Women around the world are making greater use of digital payments: 55 percent of women had made a digital payment in 2021, a significant increase from 34 percent in 2014, the first year for which this data was collected (Figure 4). Forty percent had received a digital payment in 2021, up from 31 percent in 2014 (see Figure 5). Still, a gender gap persists in these categories. According to the same database, men make and receive digital payments at rates that are 7 and 6 percent higher, respectively.



Source: Author's calculations based on the World Bank's (2022) Global Findex data

Helping women to reach the third phase—transforming use into opportunity—is a key policy goal. One important area in which digital payments can help women unlock new opportunities is international trade. Recent VEEI research (Kotschwar, 2022) notes the larger number of women-led startups that emerged during the pandemic, and observes that these women-led firms are finding success through exporting. There is a compelling case for ensuring that women entrepreneurs have the opportunity to export, if this fits their business model: Evidence shows that jobs in export sectors tend, on average, to pay higher wages and be more stable.

But helping women export is not only beneficial to women; it has impacts that go far beyond the individuals. The economic and societal benefits of women's participation in international trade are clear. Not only does research show that improving women's work outcomes has strong returns for societies (Organisation for Economic Co-operation and Development [OECD] & Asia-Pacific Economic Cooperation [APEC], 2019) but women tend to invest a higher portion of their earnings in their families and communities. Encouraging women-led exporters is a good policy decision (International Trade Centre [ITC], 2017).

And unfortunately, women-led firms have traditionally underperformed men-led firms in exporting. Research by the Boston Consulting Group (Unnikrishnan & Blair, 2019) shows that if women and men participated equally as entrepreneurs, global GDP could rise by approximately 3 percent to 6 percent, boosting the global economy by \$2.5 trillion to \$5 trillion. Under the right conditions, digital payments and platforms, when paired with the appropriate digital skills, can help achieve this.

One key element in bridging the gap is ensuring the provision of digital skills

To participate more fully in the digital economy requires key foundational skills, or “literacies” (World Economic Forum [WEF], 2019). These digital literacies compound over one’s lifetime, creating the opportunity to not only participate in an increasingly digital economy as a consumer, but also as a producer and an entrepreneur. Sadly, a persistent gap continues to exist in digital skills continues to exist between women and men. Given the current importance of digitization, this skills gap could easily exacerbate other inequities.

Across the globe, women are still, on aggregate, lagging in their ability to access and use digital tools, and this digital literacy gap is a major factor behind the gender gap. The disadvantages start early, and as such also compound over a lifetime. According to a UNESCO and EQUALS Global Partnership (2019) report, “women and girls are 25 percent less likely than men to know how to leverage digital technology for basic purposes, four times less likely to know how to programme computers and thirteen times less likely to file for technology patent.”

For women entrepreneurs, the need for digital skills is urgent. This is particularly true following the pandemic, a period that saw a large number of small women-led business start up. Our research indicates that helping women-led firms digitize can serve as a springboard to greater opportunities through international trade and can help mitigate the conventional gender gap in small business success.

VEEI findings suggest that firms born in the past two years are more likely than older firms to be headed by women (Kotschwar, 2022). And once they start to export, they sell to a larger and more diverse set of markets. These women-led firms are also adopting digital technologies at about the same rate as those led by men.

Our surveys show that women-led businesses that did well over the past two years were:

- 20 percent more likely to use digital payments,
- 25 percent more likely to use global marketplaces, and
- 60 percent more likely to export than firms whose revenues declined.

The challenge to policymakers and business leaders is how to help tip the scales in favor of success by enabling use of digital payments and platforms and maintaining an ecosystem that encourages digital trade.

Digital skills are essential for exporting in the digital age

Our experience shows that digital skills are essential to bringing about the successes discussed above. The ITC She-Trades-Visa Digital Coaching Program is one case study that illustrates the significant boost digital skills can provide a female entrepreneur. This coaching program helps female entrepreneurs access the digital marketplace ([see the video story here](#)).



The COVID-19 pandemic forced a group of textile entrepreneurs in Bangladesh to quickly digitize their businesses – and to acquire digital skills. Prior to the pandemic, they served a thriving local market and were satisfied with their business scope. But when COVID-19 hit, domestic demand dried up.

The program has resulted in these entrepreneurs accessing four new international markets – when before they targeted the Bangladeshi domestic market, they now sell as well to Australia, Canada, Italy, and the United States of America. On average, women in the program saw about \$119,000 in business leads generated. This benefited not only the entrepreneurs in the program, but the business ecosystem: On average, the program saw increased sourcing from 14 new women-owned suppliers. Overall, 88 percent of participants reported improved business response and resilience to COVID-19.

These results are tremendously important for a country such as Bangladesh, where women have been vulnerable to restrictions on businesses and were disproportionately represented in sectors severely hit by the pandemic.

Policies to help erode the digital gender gap

The barriers to gender equality are numerous and diverse. Without the right policies, obstacles that women have traditionally faced in the physical economy are likely to multiply in the digital world. We set out three basic policies to help women reach the third phase of their financial inclusion journey and, in doing so, take steps to further narrow the digital financial inclusion gap.

- 1. Provide access to an open and competitive trading system.** Our research shows that international trade can boost the fortunes of women-led small businesses. Barriers to digital trade not only put a damper on a country's productivity and growth, it damages the potential for women to use digital platforms to springboard into global value chains.
- 2. Make available appropriate tools to help girls and women develop digital skills.** Tirana (Forthcoming) identifies digital skills and trust as a key barrier to financial actualization and urges leaders in the public and private sector to adopt localized, contextually specific digital financial education approaches.
- 3. Eliminate gender biases in financing, investing, and requirements to establish and carry out a business.** For this most part, this can and should be achieved by policymakers. Businesses, for their part, should take inclusive design as a guiding principle, taking into account the needs of women in designing products and services.

Around the world, innovators in technology and policy are paying more attention than ever to the opportunities to advance digital equity and inclusion. Empowering women entrepreneurs, through access, skills, and by setting out an ecosystem of trust is an essential foundation for that conversation.

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About the Visa Economic Empowerment Institute

The VEEI is a non-partisan center of excellence for research and public-private dialogue established by Visa.

The VEEI's overarching mission is to promote public policies that empower individuals, small businesses, and economies. It produces research and insights that inform long-term policy within the global payments ecosystem. Visa established the VEEI as the next step in its ongoing work to remove barriers to economic empowerment and to create more inclusive, equitable economic opportunities for everyone, everywhere..

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