

Mobile Financial Services for Female Entrepreneurs (MFS) Program

The Government of Indonesia passed a law to support the development of branchless banking services for a large unbanked rural population. As a result of this new law, this intervention sought to increase the utilization of saving and other financial services by women business owners in Indonesia. The trial was conducted in 400 selected rural and semi-urban villages in five districts of East Java province in which branchless banking services (including basic savings accounts accessible through mobile phones) were made available.

“The randomized interventions supported by this trial included both supply-side treatments (higher agent incentives) and demand-side treatments (training and mentoring of female business owners)... As part of the experimental design the participating bank agreed to make a special effort to recruit female agents with 47% of the recruited agents being female... The data analyzed include both baseline and midline survey data on female and male business owners and branchless banking agents.” (Knowles, 2019).

Quick facts

Barriers addressed



Social norms

[Ambivalence or antagonism towards women's financial independence >](#)



Information Availability & Capability

[Financial literacy >](#)

[Digital literacy >](#)

[Unclear or difficult process to open an account >](#)

[Unclear or unavailable information about products/uses >](#)



Human Resources

[Lack of female agents >](#)

<p>Segment focus</p> <p>1 2 3 4</p>	<p>Customer Journey Relevance</p> 
<p>Geography</p> <p>Indonesia ></p>	<p>Key stakeholders involved</p> <p>Mercy Corps Indonesia Government of Indonesia Center for Global Development J-PAL SurveyMETER Banks/banking agents 400 rural and semi-urban villages</p>
<p>Sources</p> <p>Knowles, 2019; Mercy Corps Indonesia, 2021.</p>	

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Key activities

- Supply-side interventions: recruitment and training of branchless banking agents on marketing to the underbanked, how to use branchless banking online software, and features of branchless banking products/services
- Demand-side interventions: Four business owners in each village were trained and mentored by Mercy Corps Indonesia on financial and digital literacy, as well as given descriptions of branchless banking products and services.
- Impact evaluation: analyzing baseline and midline survey data for business owners and banking agents using statistical models

Outcomes/results

Female business owner training and mentoring had a significant positive effect on six of the summary outcomes (knowledge of mobile money, relationships with mobile money agents, household decision-making, spousal roles, saving and general welfare). The

training/mentoring of women business owners had a highly significant positive effect on their knowledge of mobile money in general, and of digital wallet products and mobile saving products. “Both the demand-side and supply-side treatments had a positive estimated effect on total savings for women that was largest and statistically significant (+0.25, compared to an adjusted control value of 2.13) in the case of the total current savings balance... The results show consistently positive and significant effects of the demand- and supply-side treatments on the likelihood that a female business owner is the sole decision-maker in decisions about work outside the home, on whether to support other family members, on whether to save for the future, or on whether to sign up for a new banking product. The analysis also finds significant positive effects of the demand-side treatment on women business owner’s self-confidence, as measured by indices of women business owners’ assertiveness and positive attitudes.” The number of people opening and saving in branchless banking accounts in the past month is positively and significantly related to female agents (Knowles, 2019).

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Key enabling environment factors for the intervention

“To promote financial inclusion, the Government of Indonesia recently passed a law to encourage large banks to develop branchless banking services, including basic savings accounts that are supported by village-based agents and that can be accessed using mobile phones... Five large Indonesian banks had already been approved to provide branchless banking (at the time of this study), and more are expected to be approved in the future.” (Knowles, 2019).

The intervention also took place in villages that have access to the internet, are not located in disaster-prone areas, have safe living conditions, and no potential for communal conflict.

Key design elements and principles that led to successful outcomes

- The program bundled different types of training together (financial literacy, digital literacy, information about products).
- The program included interventions for both supply- and demand-side barriers to WEE-FI.
- The program was designed to be gender-intentional through an effort to to recruit women agents.

Potential for scale/replicability

This intervention has the potential to be replicated, but only in environments conducive to the needs of the program design, such as in markets with strong internet connectivity and ICT infrastructure, as well as markets with robust agent networks. Due to the challenges encountered with recruiting agents, scaling up the intervention may take considerable time and effort.

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Challenges encountered during the program

One of the main challenges encountered during the program was the lack of consistent access to reliable and affordable internet connectivity in rural areas. "Access to stable and affordable internet connectivity was needed to ensure that agents and customers could reliably use digital-based financial services. This issue affected a range of activities from the agent selection process, to the training of agents, to the training of women entrepreneurs, and to the point of time where agents and customers started making transactions." (Mercy Corps, 2021)

Recommendations from the research

The research and design team identified several lessons learned from the MFS program. First, robust agent management strategy involving digital solutions is necessary for both the FSP and the customer experience. The team also suggests to de-prioritize financial criteria as the main component for the selection of agents. Rather, agents with strong literacy levels, large social networks, laptop owners, and those with disposable time should be chosen as agents.

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