Breaking The Cycle Of Financial Vulnerability

Fintech innovation to bridge the gap between access and resilience

Saathi X DWM

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Executive Summary

Building up the formal savings and financial resilience of women microentrepreneurs.

Executive Summary

Beyond financial access, meaningful financial inclusion ensures that underserved populations have the ability to build savings and fosters resilience.

Strengthening the financial resilience and inclusion of women through formal savings

While global access to financial services has expanded significantly in recent years, meaningful financial resilience remains elusive for millions of low-income individuals, particularly women, who continue to rely on insecure informal systems. Building formal savings is the common denominator to enhancing resilience and combating inflation for consumers, while enabling banks to grow their retail deposits–a crucial business requirement in today's climate.

This report presents findings from a fintech-enabled pilot program designed to help low-income communities in India, especially women microentrepreneurs, build formal savings habits. Through customer-centred digital innovation, behavioral design, and group-based savings structures, the pilot demonstrated a scalable community-based model for strengthening financial resilience among underserved populations.

Key outcomes of the pilot include:

- A potential tenfold increase in average savings account balances—rising from $5 to $50 per account
- Increased customer trust and digital engagement with formal financial institutions
- Positive word-of-mouth referrals leading to organic growth of new customers

The findings highlight actionable insights for financial institutions, policymakers, and investors seeking to bridge the gap between financial access and resilience for vulnerable communities.

The Goal

Inclusion is not merely about owning a bank account; it requires ensuring that individuals have full access to affordable and useful financial services that meet their needs.

Fig. 1 - Key Pillars of Financial Inclusion

Source: Angela C. Lyons, Director, University of Illinois Center for Economic and Financial Education, Council for Economic Education.

Formal Financial Inclusion as a Pathway to Growth and Resilience

Financial services, including payments, savings accounts, and credit, play a crucial role in fostering inclusive growth and development. Having an account with a bank or a regulated institution like a credit union or microfinance organization enables individuals to securely and affordably manage their finances, covering daily expenses, preparing for emergencies, and making strategic investments in areas such as healthcare, education, and entrepreneurship. Conversely, those without access to formal accounts often rely on informal methods like cash, which can be riskier, less dependable, and more costly. Households and businesses that have access to financial services are better able to withstand financial shocks than those that do not.

Financial inclusion can serve as a catalyst for economic growth and poverty reduction. However, inclusion is not merely about owning a bank account; it requires ensuring that individuals have full access to affordable and useful financial services that meet their needs. Meaningful access empowers people to save, invest, access credit, reduce income inequality, and better withstand financial shocks.[1]

1 PWC: "The FinTech route to greater financial inclusion in India".

The Problem

In India, increased access to bank accounts has not yet translated into widespread financial resilience.

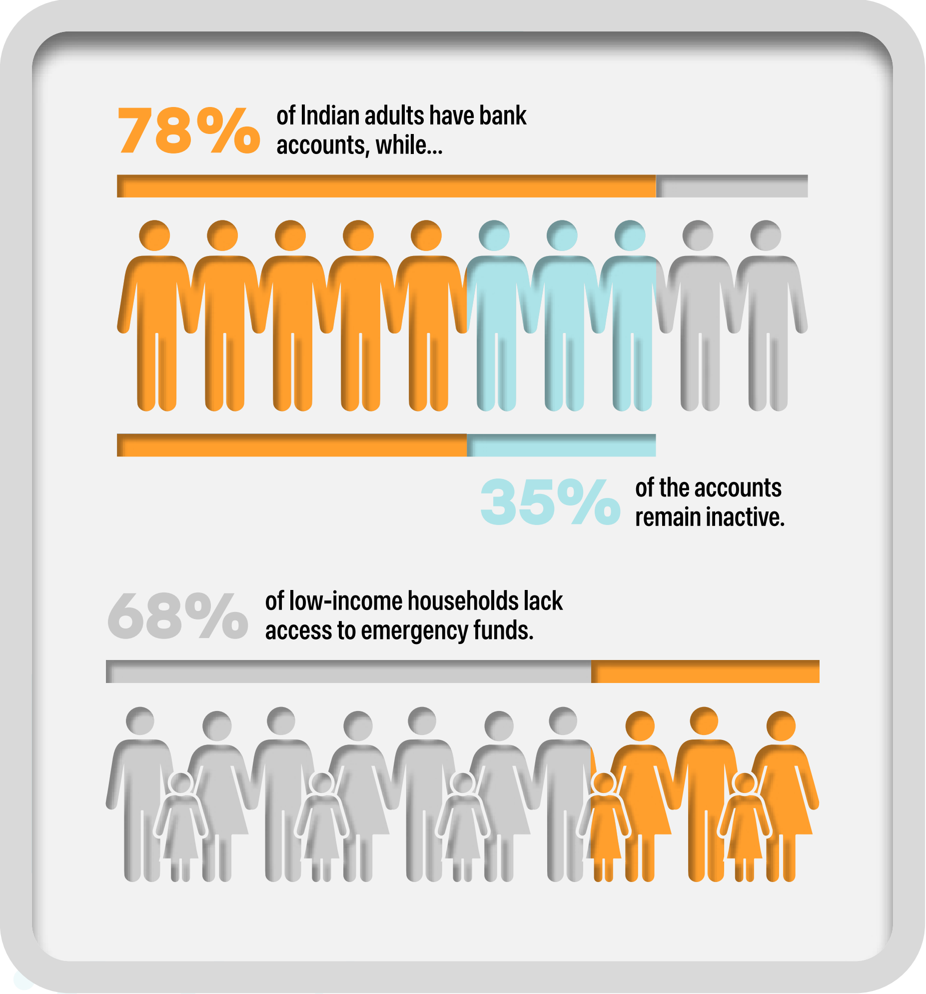


Fig. 2 - India's Financial Resilience Imperative

Financial Access but Low Resilience

Although financial inclusion has expanded significantly in India, true financial resilience still eludes most low-income households. According to the World Bank Global Findex Database 2021, 78% of Indian adults have a bank account, exceeding the average for developing countries[2]. However, 35% of accounts remain inactive—nearly five times higher than the global average for low- and middle-income economies; and 68% of lower-income households are unable to access emergency funds within one month of facing financial shocks[3].

For women, the challenges are even greater. Despite having accounts, many low-income women:

- save irregularly due to volatile cash incomes;
- rely on informal savings methods, such as chit funds or cash holdings;
- lack awareness of formal protections like deposit insurance; and
- encounter complex, inflexible banking systems not designed for their needs.

2 World Bank - Global Findex Database 2021, India Country Brief.
3 World Bank - Global Findex Database 2021 Report.

The Opportunity

Bridging the gap between financial access and financial resilience requires reimagining how banks engage with customers as savers, not just borrowers.

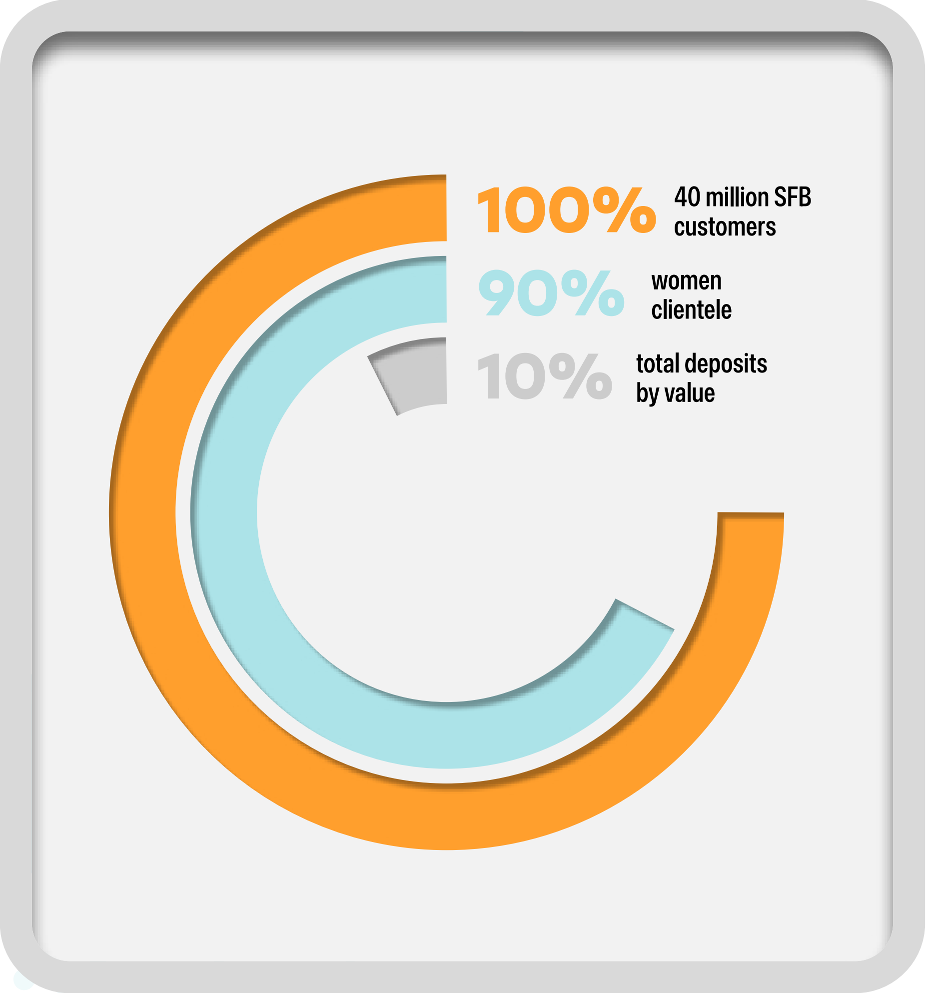


Fig. 3 - Overview of the Small Finance Bank Landscape in India

Unlocking the Potential of Small Finance Banks

Small Finance Banks (SFBs) were established in India in 2015 to expand access to formal financial services for underbanked and underserved segments. By mandate, SFBs were expected to bridge gaps in savings and credit through efficient, technology-driven operations.

Over the past decade, SFBs have expanded their lending portfolios significantly. However, they have struggled to mobilize deposits from their “Inclusive Finance” (IF) customer base—those who borrow micro-loans through Joint Liability Group (JLG) products. This group typically comprises mainly lower-income women.

According to market estimates, SFBs now serve approximately 40 million people across India. However, customer deposit growth among the legacy IF customer segment remains extremely low, accounting for less than 10% of the total deposit volume in SFBs. While SFBs have improved their current and savings account (CASA) ratios to 22–25%, they still lag larger banks, where CASA ratios typically range from 35–40%.

Traditional models of deposit mobilisation, primarily branch-led customer acquisition focused on high-value accounts, have not proven cost-effective for serving lower-income segments. DWM’s experience working with over 200 inclusive financial institutions across nearly 40 countries confirms that this dynamic is not unique to India. Across markets, when successful microfinance institutions (MFIs) evolve into banks, resilience strategies often focus more on loss avoidance and risk transfer rather than fundamentally building customers’ financial security.

This context presents a significant opportunity. If SFBs can successfully mobilise small-value, digitally-enabled savings from their existing customer base, they can:

- enhance financial resilience for millions of underserved clients;
- diversify and strengthen their own funding base; and
- improve profitability and sustainability in increasingly competitive financial markets.

The Approach

Scaling innovative and accessible digital financial products that encourages formal savings to Suryoday Small Finance Bank's client base.

The Approach

The Digital Savings and Financial Resilience program is a partnership among three organisations: Developing World Markets, Suryoday Small Finance Bank and Saathi Money.

About the Partnership

The Digital Savings and Financial Resilience program is a partnership among three organisations: Developing World Markets (DWM), Suryoday Small Finance Bank (SSFB) and Saathi Money.

Developing World Markets (DWM) is an impact investing fund manager founded in 1994 that seeks investment solutions addressing the social, environmental, and economic needs of the developing world. Through its second private equity fund, DWM made an initial investment in Suryoday in 2015 and subsequently made three follow-on investments to support the bank's growth.

Suryoday Small Finance Bank (SSFB) was founded in 2009 as a microfinance institution with five branches in Mumbai. In 2017, Suryoday began operations as a small finance bank. Today, SSFB is a new-age, digital-first financial institution with more than 675 branches across India focused on serving the underbanked and unbanked segments of the population. The bank offers a wide range of financial products and services, including savings accounts, fixed deposits, recurring deposits, micro-loans, and digital banking solutions.

Saathi Money is an innovative neo-banking fintech platform established in 2022 that is on a mission to help people build a positive relationship with money by making financial services more accessible, fun and rewarding. Saathi partners with financial institutions to design inclusive products and experiences that enable and encourage consumers to make smarter financial decisions that lead to their empowerment through nudge theory and behavioral economics principles.

In 2023, DWM and Suryoday jointly identified a strategic priority: to strengthen the resilience of Suryoday's underserved client base by facilitating and incentivising formal savings among its Inclusive Finance customers. In 2024, Saathi Money was engaged to design and deliver the digital intervention supporting this goal.

Key Leadership across the Partnership from Left to Right: Aleem Remtulla (DWM), Baskar Babu Ramachandran (Suryoday Bank), Farai Masendeke (DWM), Zahoor Rahimtoola (Saathi Money)

The Approach

The Digital Savings & Financial Resilience Program was launched in 2024 to test new approaches to including low-income women in the formal banking system.

Program Context

The three partners launched the Digital Savings & Financial Resilience Program in 2024 to address the low levels of engagement with the formal banking sector among low-income women customers.

Deposits in SFBs grew at a compound annual growth rate of 44% between 2020 and 2025. Despite this, deposits from the Inclusive Finance segment—primarily women borrowing small group or individual loans remained negligible, representing just less than 5% of total deposits.

At Suryoday Bank, the broader trend was similar. Of 2.5 million customers, approximately 2.1 million belong to the Inclusive Finance segment. These customers primarily interacted with the bank for loans; the average account balance was just USD 5. Most continued to rely on informal savings mechanisms or saved very little at all, leaving them vulnerable to income shocks, medical expenses, or asset loss from climate-related risks.

Recognising that traditional deposit mobilisation approaches were not inadequately addressing the need, the program was designed to pilot an innovative approach around three key principles:

- **Customer-Centred Design:** Co-creating solutions with women microentrepreneurs to align with their real financial behaviors and needs.
- **Sustained Behaviour Change:** Incorporating goal-setting, peer accountability, and nudge theory to encourage sustained saving behaviors.
- **Reduce Barriers to Digital Engagement:** Reducing barriers to formal savings through mobile-enabled, user-friendly platforms.

The program design was driven by three key tenets of behavioral theory: goal-setting, the goal-gradient effect, and peer accountability. First, money management and specifically goal-setting is significantly related to increased savings, decreased debt, and less compulsive buying.[4,5,6] Second, as people get closer to a reward, they speed up their behavior to get to their goal faster. This is known as the Goal Gradient Effect.[7] In other words, people are motivated by how much is left to reach their target, not how far they've come. Finally, peer accountability increases intrinsic motivation. Research suggests people are 65% likely to meet their goals if they simply commit to another person, while that rate skyrockets to 95% if there are regular meetings and progress reports.[8]

In January 2025, the pilot launched across two branches in Mumbai, covering approximately 6,000 women customers.

4 Thaler, Richard. Mental Accounting and Consumer Choice. Cornell University, 1985.
5 Donnelly, Grant, Ravi Iyer, and Ryan T. Howell.. The Big Five personality traits, material values, and financial well-being of self-described money managers. Department of Psychology (San Francisco State University, USC), Aug 2012.
6 Changwony, Frederick Kibon, Kevin Campbell, and Isaac Tabner. Savings goals and wealth allocation in household financial portfolios. University of Stirling, January 2021.
7 Kivetz, Ran, Oleg Urminksy, and Yuhuang Zheng. The Goal-Gradient Hypothesis Resurrected: Purchase Acceleration, Illusionary Goal Progress, and Customer Retention. Journal of Marketing Research, February 2006.
8 Kander, Diana. Three Strategies for Holding Yourself Accountable, Harvard Business Review, 2022.

Key Learnings

Ethnographic research informed the design of the pilot, ensuring that users are understood and empowered to build savings.

Key Learnings

To understand the barriers preventing women from saving formally, ethnographic research was conducted in low-income communities in slums in Mumbai, Maharashtra. The research highlighted several key insights, each of which were addressed in the pilot design.

Design Considerations Based on Research

Research Insight

Preference for Savings Informally in Trusted Groups

Many women preferred chit funds and informal savings methods because they offered flexibility and access. If funds are scarce in a particular month, they can borrow from fellow group members, and the chit fund also functions as an emergency fund—a flexibility formal banking products rarely offer.

Design Adaptation

Group Savings Model (“Bachat Gat”)

We designed a digital group savings experience that mirrored their preferences, and was deployed at a community level. Members who had taken existing loans as groups, were encouraged to save together and invite their friends and family to save with them. While the experience was delivered as a group, each member saved in their individual account.

Research Insight

Trust and Accessibility Barriers

Despite owning bank accounts, many women rarely used them. Applications were complicated, products were not user-friendly, and account services often felt disconnected from their financial realities. Few were aware of protections like India’s Deposit Insurance and Credit Guarantee Corporation, which insures deposits up to 5 lakh rupees (~USD 5,700).

Design Adaptation

Financial Education & Assisted Onboarding

We simplified the onboarding journey through a Relationship Officer (RO)-assisted flow. The Relationship Officers were also trained to act as Money Mentors to guide customers on the benefits of saving formally and addressing their concerns.

Research Insight

Short-Term Financial Planning

Savings were often structured around immediate or near-term needs, such as paying monthly bills or preparing for emergencies, rather than long-term asset accumulation. Financial management was more about cash flow than building reserves and limited to small denominations and irregular patterns.

Design Adaptation

Planned Savings with Deposit & Withdrawal Flexibility

We created a savings plan incentivising customers to save for 12 months and receive an additional month extra, in the form of interest and rewards. Additionally, we provided customers flexibility on depositing funds to match their irregular income profile, with the ability to withdraw funds anytime without any penalties. This built their confidence and trust in using the platform to save.

Research Insight

Digital Literacy and Access Gaps

Limited digital literacy and smartphone penetration posed barriers to fully leveraging mobile banking solutions. Many women required assistance during onboarding and ongoing engagement.

Design Adaptation

Operational Integration & Peer Support

Cash deposits for the savings scheme were collected during regular loan instalment collections, simplifying operations for both customers and ROs. Additionally, younger group members were encouraged to support older members where literacy gaps existed.

Pilot Results

Bridging the gap between financial access and financial resilience requires reimagining how banks engage with customers as savers, not just borrowers.

Pilot Intervention Results

The pilot demonstrated that thoughtfully designed digital solutions—rooted in existing informal practices but enhanced through formal protections—can meaningfully shift savings behaviors and strengthen financial resilience among underserved women. The customer impact was notable:

Increased Savings
For women that have signed up, the average savings goal amount is INR 4,500 (~$50) per customer, which is a potential tenfold increase in account balances once the plan is completed.

Improved Financial Capability
Through peer support and assisted onboarding and mentorship, women felt more equipped to save formally, and hopeful about achieving their financial goals.

Enhanced Trust
Participants reported higher confidence in using digital financial services and expressed greater willingness to deepen their relationships with the bank.

In addition to customer outcomes, the pilot demonstrated notable institutional value for Suryoday Bank:

Deposit Mobilisation
A scalable and cost-effective deposit mobilisation approach, through a digital-first community-based saving model.

New customer acquisition
Savings groups are proving to be an effective customer acquisition tool within low-income communities through positive word-of-mouth on the program.

Customer sentiment
Improved customer sentiment toward the bank's brand and services.

Enhanced trust
Greater ability to assess customers' financial capacity and reduce credit risk through savings behavior data.

By combining familiar community-based savings practices with formal digital financial services and behavioral incentives, the pilot demonstrated a practical, scalable model for encouraging formal savings and enhancing money management capability.

Case Study

“

Saving money is important because it comes handy in the future, we can use it at any point in time.

This is our money, this is not the government’s money, nobody is giving us this money. This is our money that we can use when we need, that’s how I make use of it.

Yasmin (Customer)

”

The customers of SSFB in the Govandi branch live in the slum areas and do tailoring work, house work, and sell fruits. To save money, they put Rs. 5 or Rs. 10 in a box. When they need the money, for the hospital bills or any other emergency, then they use that money.

This scheme is very good, and through this scheme women will be able to save. In the first year, they will save 200 per month, but moving forward I am confident they will save 500 or 1000 per month, as the woman knows how to manage finances in her household.

Sunita (Bank RO)

Recommendations

Formal savings creates a financial safety net for low income households and builds trust in financial institutions.

Recommendations

Informal saving methods, where community members collectively pool resources, play a vital role in India's financial landscape. These practices, often deeply rooted in local customs and community ties, offer individuals a financial safety net in times of hardship. However, their lack of formal structure leaves participants vulnerable to risks, especially during economic crises when there may be limited accountability and regulatory supervision.

Transitioning individuals from informal savings practices into the formal financial sector presents a major opportunity to enhance financial security. Yet this transition requires more than offering standard banking products.

Successfully transitioning individuals into the formal financial sector requires:

1. **Customer-Centred Solutions**

   Products must match the flexibility, accessibility, and trust that informal systems offer.

2. **Financial Education**

   Raising awareness about the benefits of formal savings, deposit protections, and responsible money management is critical for sustained engagement & impact.

3. **Behavioral Insights**

   Leveraging behavioral economics — including goal-setting, peer accountability, and rewards — can increase engagement and sustained savings behavior.

4. **Tailored Digital Experiences**

   Simplified, mobile-enabled solutions are essential to overcome digital literacy and access barriers.

Next Steps

The Digital Savings and Financial Resilience Program demonstrates that when savings products are designed to meet customers where they are, both behaviorally and economically, substantial shifts are possible. Women who had never built formal savings habits before successfully transitioned to regular savings behavior, increased their trust in formal financial systems, and deepened their engagement with their financial institution.

The success of the pilot signals a broader opportunity for financial institutions, impact investors, and ecosystem actors to take important actions:

Scale the Model:

The community-based group savings model can be expanded within Suryoday Bank and adapted across other inclusive finance institutions in India and beyond.

Strengthen Partnerships:

Building coalitions among financial institutions, fintechs, and impact investors through blended financing models to accelerate progress toward widespread financial resilience through digital innovation.

Expand Geographical Reach:

Beyond India, similar approaches can be piloted in Africa and other parts of Asia, where informal savings systems dominate.

Help achieve SDG targets by 2030:

Financial inclusion is a critical enabler of eight of the seventeen UN Sustainable Development Goals (SDGs). Advancing women's financial resilience contributes directly to poverty reduction, gender equality, economic growth, and reduced inequalities.

Next Steps

DWM, Suryoday Bank, and Saathi Money are committed to scaling this work. Over the next five years, the partnership aims to reach 1 million low-income households, accelerating pathways to financial security and inclusion for women across emerging markets. The insights generated thus far need to be further tested and validated to enable scaling in a sustainable manner. To further this mission, we have activated engagements with ecosystem partners such as IIM Ventures through their Women's Financial Inclusion Initiative supported by Gates Foundation to explore gender-intentional approaches and Tiny Miracles, a registered B Corp focused on poverty eradication, to explore employer-embedded strategies.

Together, through collaboration and innovation, we can bridge the gap between access and resilience and unlock a more inclusive, secure, and equitable financial future.

APPENDIX 1

Research Finding from Focus Groups

Key Insights

1

Source of Income

Most women in the groups earn through informal self-employment sources such as tailoring. Therefore, one challenge is translating cash to formal savings, as it is less tangible and accessible. They need a solution that maximises flexibility (deposit anytime, withdraw anytime) and meet them where they are (zero balance account, nominal amount etc.)

2

Lack of Awareness of Benefits of Savings

When women were educated on the benefits of formal savings, there was a 15% increase in savings.

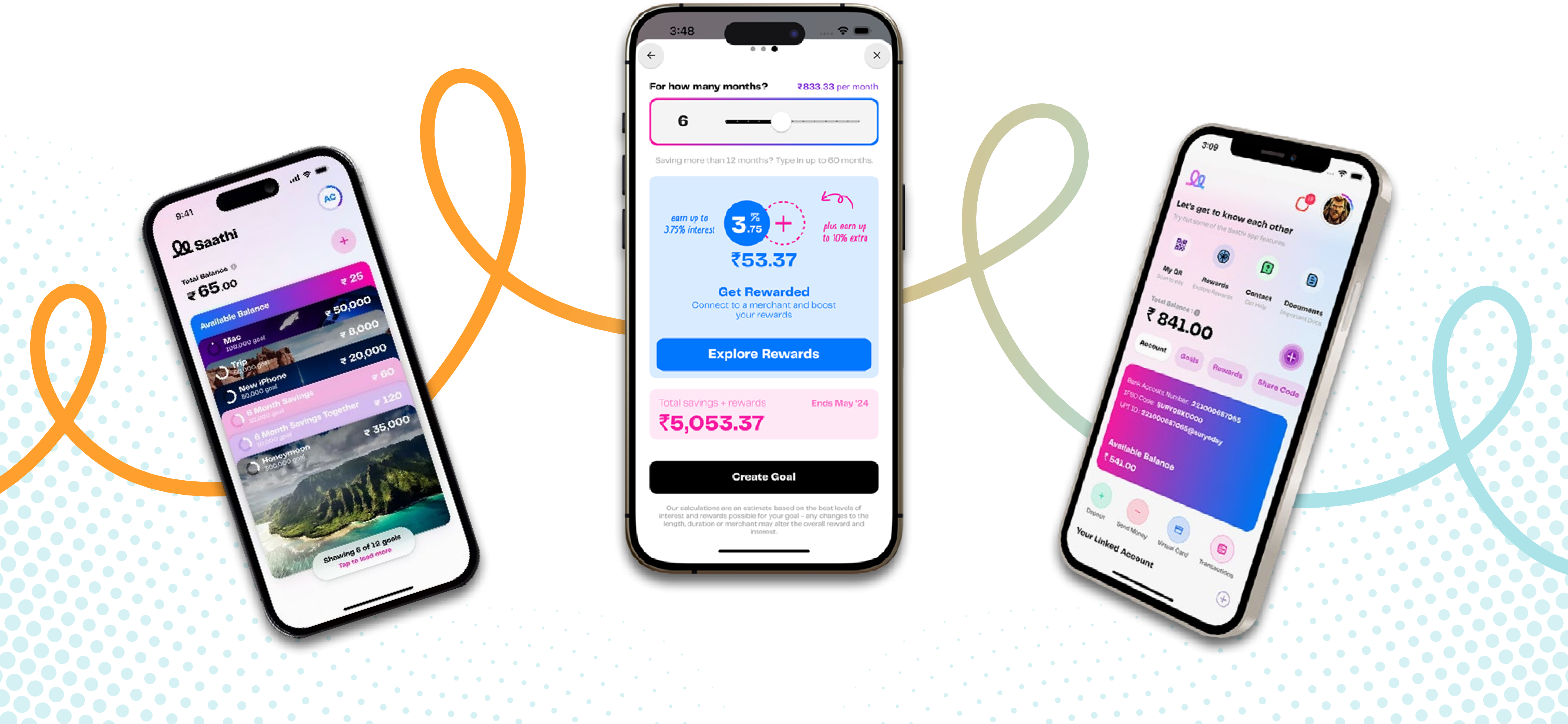
3

Desire to save for future investments and consumption

Women that currently borrow money from Suryoday Bank, can save up to INR 500 - INR 3,000 per month (currently saving informally) and are interested in saving for gold (jewellery), children's education and household items.

APPENDIX 2

Application Design & Experience



APPENDIX 3

Product Uptake from Pilot by Savings Plan

Pilot participants chose from one of three options for how much to save. Half chose the smallest amount, which was around $28, while 40% chose $70. The average was around $50.

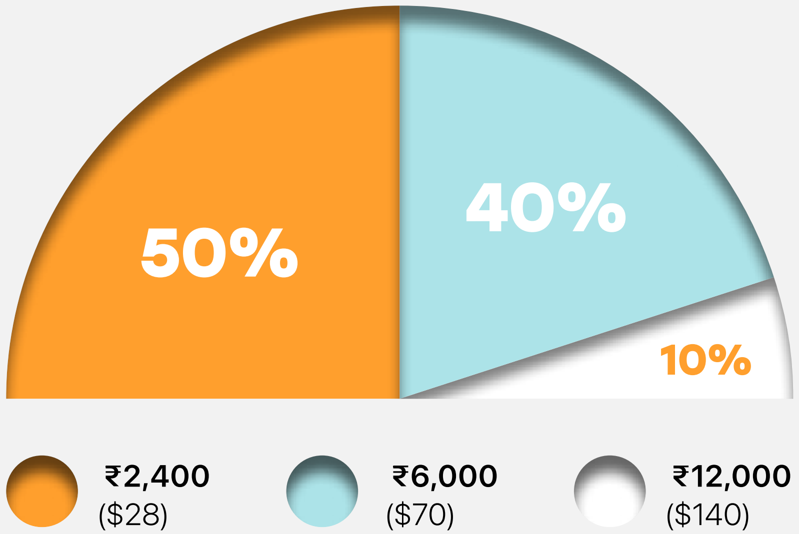


Fig. 4 - Client Adoption by Savings Plan

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