

Asia's Developing Future



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Postal savings banks have served women better but could do more

Postal savings banks have a better record than other financial institutions when it comes to giving women access to financial services. But even more could be done if countries expanded the use of postal savings banks, especially if postal authorities were to actively focus on services attractive to women.

Studies have shown that household wealth and income increase when women have more access to financial services such as bank accounts. Research has also shown that increasing the ability of women to generate, save, and control income can improve child nutrition and schooling outcomes.

A recent book published by the Asian Development Bank Institute, *Postal Savings—Reaching Everyone in Asia*, notes that postal savings banks already have a better record of serving women than do other financial institutions, often without those postal banks even knowing they are doing so.

Economist Smriti Rao tackled the issue in *Gender and Financial Inclusion Through the Post*, a chapter in the book.

She notes a number of reasons why postal savings banks have a better track record of offering access to financial services to women.

Many other financial institutions deliberately or unconsciously make it difficult for women to access their services.

Simple discrimination is a factor in many countries, with cultural prejudices that mean men are favored when they open accounts or ask for loans, whatever the financial status of the women seeking services.

In many countries, women have less education than men, do work that is not financially compensated, and have fewer assets under their names. That makes it more difficult for them to meet the basic requirements that financial institutions demand to access their services.

In rural areas, women may take too much time to travel to the nearest bank branch or wait in line for services, since they also must look after children. That issue is magnified in developing countries where men commonly leave their families to seek work in cities. Some of the factors that keep women out of other financial institutions are offset in existing postal savings banks.

In general, people who bank through postal institutions tend to be relatively poor, relatively young, and live in rural areas. The services offered by postal savings banks are usually cheaper and their reach extends farther into the countryside.

All those factors mean postal savings banks are a more attractive option for women. On average, the posts serve 1.27 times more women than men in developing countries and 1.21 times more women than men in developed countries.

Just expanding the network of postal savings banks in rural areas would likely mean more women would be able to access financial services, Rao suggests.

But there are other ways that more women could be offered access to financial services. Nongovernment organizations and other advocates for financial inclusion of women in the developing world need to know that postal savings banks have a better track record so they can pass the word along.

More women could learn how much easier it is to access financial services at postal savings banks if information were provided where they were likely to visit, such as local health care centers.

The postal savings banks themselves could acknowledge that most of the people who do not have access to bank services are women, and therefore make up a large untapped pool of potential clients.

Rao says that services aimed directly at women are not the best way to bring them into financial institutions, but that postal savings banks could indirectly target women in other ways.

They could lower the minimum amounts needed to open accounts and increase the time that savings must be held before withdrawals are allowed. Women prefer longer lock-in periods for savings, since that means other family members are unable to make demands on the money they have saved.

Postal savings banks could also offer incentives to open accounts for multiple family members, since many women decline to approach financial institutions when male family members already have accounts.

This episode was based on “Gender and Financial Inclusion Through the Post” by Smriti Rao, associate professor of economics and global studies at Assumption College in the United States. It is a chapter in the Asian Development Bank Institute book, *[Postal Savings — Reaching Everyone in Asia](#)*.

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