



Product and Market Design

# Inflexible Product Terms

This barrier refers to terms, eligibility criteria, and repayment structures that fail to accommodate the realities of women's economic lives. It encompasses both rigid operational terms (fixed repayment schedules, collateral requirements, limited grace periods, and standardized insurance coverage) and age-based restrictions that disqualify customers above or below defined thresholds. Together, these design choices reflect an implicit "standard customer" assumption that does not reflect women's economic lives.

### Why is this barrier important?

Women are disproportionately concentrated in informal, seasonal, and care-constrained economic activity, meaning that fixed repayment schedules, high collateral requirements, and rigid eligibility rules impose particular hardship on them. When a woman cannot adjust a loan repayment during a slow month, the product itself creates the default risk it was designed to price.

The consequences extend across the full financial lifecycle. At one end, lower-age restrictions deny young women the ability to build credit histories and savings habits. At the other, upper-age caps exclude older women who continue to work, manage households, and need access to emergency and investment credit. Evidence consistently shows that flexible design reduces defaults, expands market reach, and builds long-term client loyalty.

### Connected Barriers



*Product & Market Design*

- Low utilization of gender-disaggregated data (GDD)
- Low scalability of products
- Complex onboarding process
- Poor understanding of women's financial needs



*Institutional Norms & Practices*

- Lack of strategic focus on women customers



*Entry & Capability*

- High cost of using DFS (incl. transaction cost)



*Consumer Protection*

- Difficulty resolving complaints
- Fear of making mistakes
- Overcharging

### Most Relevant Segments

**1**

Excluded, marginalized

**2**

Excluded, high potential

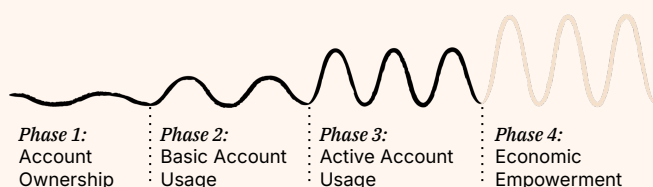
**3**

Included, underserved

**4**

Included, Not underserved

### Customer Journey Relevance





## Key evidence relevant to this barrier

**Rigid repayment terms misalign with women's income patterns and create unnecessary default risk. Evidence across multiple markets shows that introducing adaptable repayment structures—including bi-weekly or seasonal schedules, grace periods, and parietal payment options—improves outcomes for both borrowers and lenders without sacrificing repayment performance.**

- A randomized study in Bangladesh found that offering flexible credit terms (two monthly repayments at any point during a 12-month loan cycle) improved borrowers' economic outcomes and socioeconomic status while reducing default probability. ([Battaglia, Gulesci, & Madestam, 2021](#))
- In India, a randomized study of 799 microenterprises found that when borrowers could choose a flexible repayment contract designed to accommodate irregular cash flows, enterprise profitability increased without any decrease in repayment rates. ([Barboni & Agarwal, 2023](#))
- Annapurna Finance in India applies a hazard mapping approach to proactively identify customers likely to be affected by cyclones and severe weather, offering flexible loan terms and early support before shocks occur. The approach strengthens both portfolio stability and client climate resilience, demonstrating that flexibility can be institutionalized as a risk management strategy. ([Women's World Banking, 2024](#)).
- Evidence from commitment savings products shows that flexibility requires calibration, not the elimination of structure. The SEED (Save, Earn, Enjoy Deposits) commitment savings product in the Philippines increased savings balances by 81 percentage points after twelve months, and women with hyperbolic preferences were particularly likely to adopt it. However, overly strict withdrawal restrictions reduced uptake—showing that effective product design must balance the structure women benefit from with the adaptability their income patterns require. ([Ashraf, Karlan, & Yin, 2006](#))
- Many women entrepreneurs begin with small, informal businesses and often lack the documentation required by traditional financial service providers. By offering flexible entry points and clear pathways for progression, institutions can help women access financial services and gradually deepen their engagement over time.

**Age-based restrictions exclude women at both ends of their financial lives, encoding assumptions about productivity and risk that do not reflect women's actual economic behavior. Replacing blanket age caps with risk-based eligibility assessment, such as evaluating applicants on repayment history, income stability, and financial behavior rather than age alone, would better reflect actual creditworthiness and expand access without increasing portfolio risk.**

- Upper-age credit caps disproportionately affect women, who live longer together than men on average and are more likely to remain economically active as caregivers, small business operators, or household managers in later life. Banket caps have been characterized as a form of discrimination and a missed market opportunity: post-retirement populations show continued economic activity, yet many lenders disqualify them automatically. In India, lenders commonly cap credit eligibility at age 55 despite a significantly higher life expectancy. ([Kelly et al., 2015](#); [Malik et al., 2024](#)).
- Older adults today have been slower to adopt mobile money, even in economies where mobile money penetration is high. In Kenya, which has more mobile money usage than any other country, about 75% of younger and middle-aged adults have a mobile money account compared to 45% among older adults, suggesting age-related restrictions compound digital financial inclusion for older women. ([Klapper and Hess, 2019](#))



## Key evidence relevant to this barrier

- Lower-age restrictions and the unit economics of youth accounts create compounding barriers for young women specifically. Youth customers generate lower revenue for providers—smaller balances, fewer transactions, higher acquisition costs—creating structural disincentives to serve them well. The period of exclusion that results delays credit history-building, savings habit formation, and financial confidence at the life stage when these foundations matter most. ([CGAP, 2012](#))
- Partnerships with schools, vocational training programs, and community organizations can create alternative entry points into the financial system for young women who lack documentation or fall outside standard eligibility criteria. Integrating financial literacy sessions with product onboarding builds capability and confidence while expanding FSP reach into underserved youth segments. For girls in particular, pairing education with accessible products helps overcome the early exclusion from formal finance that shapes financial trajectories for years afterward. (Women's World Banking, 2025)

### **Standard collateral and insurance requirements embed assumptions about asset ownership and risk that systematically disadvantage women.**

Addressing these constraints requires both product-level redesign and collaboration with insurance providers to develop more flexible underwriting criteria—including risk-pooling across customer segments and government-backed guarantee schemes—so that the cost of extending coverage to older or asset-poor borrowers does not fall disproportionately on women who need it most.

- Banks in West African countries frequently require significant collateral for SME loans — a practice that disproportionately excludes women, who are less likely to hold assets in their own names. ([European Investment Bank, 2020](#))

- Insurance arrangements embedded in credit products often impose their own age thresholds, preventing lenders from extending credit to older borrowers regardless of creditworthiness. In markets with interest rate caps, providers cannot pass the cost of higher-risk insurance pricing to consumers — making older borrowers appear commercially unviable under current structures when the barrier is structural, not risk-based. Addressing this requires collaboration between lenders and insurers to develop credit-life products that extend coverage beyond traditional age limits — through risk pooling across customer segments, government-backed guarantee schemes, or flexible reinsurance mechanisms that allow older customers to remain covered without disproportionately raising premiums. ([Kelly et al., 2015](#)).

### **Addressing inflexible product terms requires both design and data.** Providers should:

- **Leverage customer-centric product testing** with women customers on loans, savings and insurance products, and use customer feedback to refine repayment structures.
- **Invest in customer education and financial literacy** of women customers on how to effectively use flexible features, and train agents to guide women in selecting repayment options suited to their income cycles.
- **Leverage data and AI to make products more responsive.** Institutions with large historical customer datasets can apply machine learning and AI-based algorithms to identify behavior patterns across different micro- and macroeconomic conditions. These insights can inform adjustments to product terms, but providers need to be cautious to avoid unfair or biased decisions in their algorithms.



### Key evidence relevant to this barrier

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- **Introduce custodial or “joint” accounts** that allow minors to begin saving under the supervision of a parent, guardian, or trusted adult. Pair this with tiered account structures where lower-value youth accounts require simplified KYC documentation (such as a school ID or birth certificate), while higher-value accounts can gradually introduce more stringent requirements. This enables young people to build a financial footprint early, without being excluded due to rigid age thresholds.
- **Design age-inclusive loan and savings products** by introducing financial products tailored for older adults, such as shorter-tenure loans, flexible repayment options, or small-ticket credit lines. On the savings side, offer accounts with features that support retirement needs, such as easy liquidity, lower fees, and simplified access.