



Policy & Regulation

Lack of proportional & tiered KYC requirements

This barrier refers to a mismatch between regulatory identity requirements and how women participate in the economy. Standard KYC frameworks rely on formal documentation - such as government-issued IDs, proof of income, and verifiable financial histories - that many women are less likely to have due to structural inequalities.

Why is this barrier important?

KYC requirements determine whether individuals can access financial services, making them a critical point of entry into the financial system. When these requirements rely on narrow forms of formal documentation and standardized verification processes, they can exclude individuals who participate in the economy through informal or non-traditional means. As a result, women are more likely to remain in informal financial systems, where savings and transactions may be less secure and less visible to regulators, while valid forms of identity and risk management - such as transaction histories from mobile money - are not recognized. Evidence from digital financial services shows that alternative, risk-based approaches to KYC can expand access without increasing risk, highlighting the limitations of rigid regulatory frameworks.

Connected Barriers



Policy & Regulation

Broader legal constraints
Lack of gender-intentional financial inclusion strategies



Product & Market Design

Complex onboarding process
Poor understanding of women's financial needs



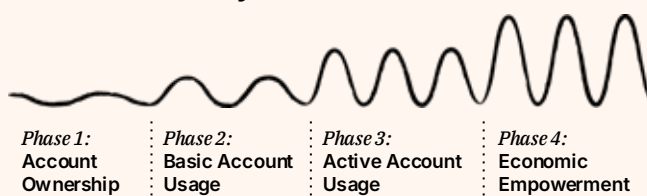
Digital & Physical Infrastructure

Poor digital & foundational ID infrastructure
Lack of diversity in distribution channels

Most Relevant Segments

1	2	3	4
Excluded, marginalized	Excluded, high potential	Included, underserved	Included, Not underserved

Customer Journey Relevance





Key evidence relevant to this barrier

Evidence shows that traditional KYC requirements constrain women's financial inclusion through three primary mechanisms: women are less likely to possess required forms of documentation due to structural inequalities; KYC frameworks rely on narrow definitions of identity and financial behavior that exclude valid alternatives; and requirements are often not proportionate to risk, creating unnecessary barriers to entry for basic financial services. Together, these factors reinforce women's reliance on informal financial systems rather than enabling entry into formal services.

KYC requirements are not gender-neutral. Evidence shows that women are less likely to possess the forms of identification required for KYC due to structural inequalities, creating a direct barrier to accessing financial services.

- Gender-neutral policies do not always result in gender-equitable outcomes and can perpetuate existing gender inequalities and limit women's financial inclusion. Gender-neutral policy may in fact be gender blind if it fails to acknowledge and address the social norms, discrimination, lack of collateral, and other barriers that affect women's use of financial services. Understanding how regulations may inadvertently exclude vulnerable groups, including women, is crucial in creating gender-intelligent regulatory frameworks that enable women's usage of DFS. ([World Bank n.d.](#))
- Identity systems often reflect and reinforce existing gender inequalities. Women face barriers to obtaining identification due to social norms, time constraints related to unpaid care, and limited interaction with formal institutions. These constraints restrict women's ability to meet KYC requirements and contribute to persistent gaps in access to financial services. ([Women's World Banking, 2025](#))

Rigid definitions of identify present steep hurdles for women. Mobile money, simplified customer due diligence, and alternative forms of identification enable marginalized customers to access financial services.

- KYC and AML/CFT frameworks often rely on rigid definitions of identity and verification that do not reflect how low-income women participate in the economy. In practice, regulators and providers frequently underuse risk-based approaches, defaulting to standardized documentation requirements that exclude women who rely on informal income sources or lack formal records. This disconnect between regulatory expectations and lived realities contributes to systematic exclusion. ([CGAP 2025](#))
- Recent evidence on digital financial services shows that mobile money and simplified customer due diligence (CDD) approaches can expand financial inclusion, particularly for women, by lowering onboarding requirements and aligning verification with actual risk. These approaches demonstrate that alternative KYC frameworks can increase access without compromising financial integrity, especially for low-value, low-risk accounts. ([UNCDF 2025](#))
- Country-level experience further shows that acceptance of alternative forms of identification - such as passports for migrants and product-tiered onboarding requirements - can expand access to regulated financial services. However, uneven adoption and regulatory ambiguity continue to limit the extent to which these approaches are implemented in practice. ([FinMark Trust, 2021](#)).
- By enabling digital identity verification through biometrics, video calls, or electronic signatures, remote KYC (eKYC) reduces reliance on branches, in-person onboarding, and physical documentation - lowering provider onboarding costs and expanding access to financial services for women and other populations excluded by geography, mobility constraints, or limited infrastructure. ([World Bank, 2026](#), [Digipay, 2023](#))



Key evidence relevant to this barrier

KYC requirements are grounded in AML/CFT regulations intended to manage financial system risk. This means that barriers to access often stem not from the existence of these rules, but from how risk-based approaches are applied in practice.

- ID and KYC barriers continue to push a significant share of the US\$647 billion global remittance market into informal channels; evidence shows that simplified KYC and digital identity frameworks can reduce reliance on informal transfers, lowering costs and risks for women, who are disproportionately dependent on remittances as senders and recipients. ([UNCDF, 2021](#)).
- Global AML/CFT standards explicitly support a risk-based approach to customer due diligence, allowing simplified KYC requirements for low-risk accounts. However, in practice, many jurisdictions apply more stringent requirements than necessary, extending high-risk compliance standards to low-risk products. This misalignment creates unnecessary barriers to entry without improving financial system integrity. ([FATF n.d.](#))
- Although risk-based and tiered KYC frameworks are widely recognized as best practice, implementation remains uneven across countries. In many contexts, conservative regulatory interpretations and limited institutional capacity result in overly strict requirements for basic accounts. These approaches disproportionately exclude women and low-income populations, who are more likely to be classified as high-risk despite engaging in low-value, low-risk transactions. ([AFI 2018](#))