

LendingKart's Innovation Journey

Small and medium enterprises (SMEs) are a major engine of India's economy, but women-led businesses remain underrepresented in formal finance. Although women own around 20% of SMEs nationally, they made up just 9% of applicants and 8% of LendingKart's loan portfolio. Structural barriers, including lower rates of business registration, limited credit histories, reliance on cash transactions, and social constraints, continue to restrict women's access to formal credit.

To address this, LendingKart partnered with Women's World Banking and the University of Zurich to design and test gender-responsive solutions aimed at increasing women's participation at the top of the credit funnel. The initiative combined targeted outreach tailored to women entrepreneurs, the introduction of free financial health reports for rejected applicants to increase transparency, and gender-sensitivity training for call center staff to strengthen engagement and trust. These interventions were rigorously tested to identify which messages, channels, and support mechanisms were most effective. Results show that women-centered campaigns can expand the applicant pool at lower cost, offering practical, scalable insights for how digital lenders can better serve women entrepreneurs and close persistent financing gaps.



Quick facts

Barriers addressed



Institutional Norms & Practices
Lack of strategic focus on women customers



Consumer Protection
Non-transparent product information



Entry & Capability
Low digital financial capability



Social Norms
Biases that center men as financial customers

Segment focus

1 2 3 4

Geography

India

Customer Journey Relevance



Key stakeholders involved

LendingKart
Women's World Banking
University of Zurich Department of Finance and Banking

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Key activities

To address barriers limiting women's access to digital credit, the project concentrated on top-of-funnel inclusion and ways of working, rather than changing the core underwriting model. A data audit confirmed the model's fairness and pointed the team toward making outreach, communication, and process improvements.

- **Gender bias audit and decisioning review:** Women's World Banking and the University of Zurich audited LendingKart's underwriting using 12 months of data. The model satisfied gender fairness audits. This redirected the work toward increasing women's applications at the top of the funnel.
- **Women-centered value proposition and messaging:** The team designed a women-centered "product wrapper" and communication set that welcomed women applicants and highlighted existing features relevant to them: no collateral and no credit bias, with welcoming hooks such as processing-fee waivers and a free financial health report.
- **Women focused digital campaign and creative testing:** A women-focused campaign was launched with RCT trackers and a trained team of five tele-callers to handle qualified leads.

Creative tests compared hard offers and softer content to see what resonated. LendingKart introduced **gender-sensitization training** and set **women-specific targets** and metrics to improve interactions and keep teams focused on women's inclusion goals.

- **Lead-quality controls and process tweaks:** To improve lead quality, the team added a "business registration" filter on the landing page and directed ineligible cases (e.g., unregistered businesses or revenue below criteria) toward personal-loan options.
- **Channels and partnerships (direction set):** The team identified strategic partnerships with women-MSME cohorts and referral campaigns as promising routes to reach harder-to-access segments.
- **Transparency and customer communication:** Customer research highlighted confusion around fees and post-sale communication. The team emphasized clearer messaging and tested offering a free Financial Health Report to rejected applicants to improve transparency and trust.

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Outcomes/results

The initiative was structured as an experimental design to compare a women-centric digital campaign against a business-as-usual offer. The campaign tested two specific propositions for women: (i) a processing fee waiver (PFW), which reduced LendingKart's standard loan processing fee from 3% to 2.5%, and (ii) a financial health report (FHR), which offered women applicants a free diagnostic report to better understand their credit standing. The placebo arm simply promoted LendingKart's standard product with no additional incentives. Success metrics were benchmarked against prior campaigns, and outcomes were measured in terms of new potential applicants ("leads"), their quality, and eventual loan conversion.

- **Lead generation and campaign performance:** The women-centric campaign clearly outperformed the placebo. Across all three arms, the campaign generated 1,148 potential women applicants, of which 23% were considered qualified for further processing. This was a 37% increase in women applicants compared to earlier benchmark campaigns, and achieved at a lower cost per workable lead (INR 387 vs INR 575–600 in past campaigns). Gender-tailored outreach not only

attracted more women, it did so more efficiently than standard marketing.

- **Message testing and customer response:** The PFW campaign was the most effective message, generating 462 applicants and 104 qualified cases, with the lowest cost of INR 322 per qualified lead. By comparison, the placebo attracted 396 applicants and 85 workable cases, and the FHR produced 290 applicants and 70 qualified cases at the highest cost that was INR 477. Notably, the FHR campaign achieved the highest click-through rate (0.92% compared to 0.76% for placebo and 0.89% for PFW), showing that women were curious about financial tools and transparency, but this did not translate into qualified applications. Taken together, these results suggest that women entrepreneurs respond more strongly to immediate, tangible financial benefits than to softer informational offers, even though both types of messages have value.
- **Organizational learning:** The evaluation confirmed that LendingKart's core underwriting model showed no evidence of gender bias—once women reached the scoring and decision stage, their approval outcomes were broadly comparable to men's. The real barrier was earlier, in acquiring and qualifying

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women applicants. Moreover, customer service data revealed that although 60–70% of inquiry calls were answered by women themselves, 40% of those conversations were eventually handed over to male family members for business details. This underscored the need for continued gender-sensitization training, clearer documentation processes, and trust-building through transparent communication

Key enabling environment factors for the intervention

- **Supportive national infrastructure:** At the time of the project, India's digital ecosystem was already booming. Smartphone adoption among adults had surged from 22% in 2017 to 51% in 2020. Financial inclusion had also advanced: adult account ownership grew from 35% in 2011 to 78% in 2021, and by 2021, 35% of adults used their account to make or receive a digital payment. Together, these trends provided a strong foundation for reaching underserved women entrepreneurs.
- **Agile internal systems:** LendingKart's technology platform and data-driven culture enabled the team to conduct a comprehensive gender bias audit, prototype and test new

features quickly, and integrate RCT-based methods into campaign evaluation.

- **Organizational openness to innovation:** A willingness to experiment with new approaches, including gender-sensitization training and women-specific marketing strategies, fostered an internal environment where inclusive solutions could be developed and tested

Key design elements and principles that led to successful outcomes

- **Evidence-driven focus on the real constraint:** A gender audit showed underwriting was not the issue, shifting focus to increasing women's applications. Targeting the true bottleneck made interventions more effective and efficient.
- **Inclusive outreach:** By tailoring marketing, communication, and customer support, LendingKart was able to attract more women entrepreneurs into the application funnel, many of whom would not have engaged through traditional channels.

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- **Targeted, women-centered outreach with iterative testing:** Tailored messaging and incentives were designed specifically for women entrepreneurs. RCT-based testing identified what worked best in both reach and cost-effectiveness.

Potential for scale/replicability

The LendingKart initiative demonstrated that it is possible to expand women's access to credit through targeted, gender-inclusive innovations. This same philosophy guided Women's World Banking's work with other institutions in India and Nigeria, where partners such as Arthan Finance, Bike Bazaar, Annapurna Finance, and Polaris Bank also began by auditing for gender bias in credit assessment and then designed women-centered solutions similar in spirit to LendingKart's approach. Across these experiences, a clear lesson emerges: inclusive lending models can be tailored and scaled in multiple markets.

- Because the interventions were digital, modular, and grounded in customer data and feedback, they illustrate the kind of approach that other providers can adopt. By making outreach strategies modular and data-driven, financial service providers in different

contexts can scale similar solutions and extend their reach to women entrepreneurs.

- Embedding gender considerations into outreach, communication, and customer support can create lasting institutional change. Other fintechs and financial institutions can replicate this approach by systematically integrating a gender lens into their operations, ensuring that inclusion is sustained as initiatives scale.

Challenges encountered during the program

- **High rejection rates:** A large share of applicants were ineligible due to non-registered businesses, low CIBIL scores, or revenues below LendingKart's thresholds. These challenges stemmed from the limited data footprint of many women micro-entrepreneurs, who often lacked formal records of their business activities.
- **Need for lead-quality controls:** To manage these issues, LendingKart added a "business registration" filter on the landing page and redirected some ineligible applicants to personal loan products.

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Recommendations from the research

- **Rigorous gender-disaggregated analysis is critical:** Conducting a comprehensive bias audit provided clarity that the underwriting model itself was not disadvantaging women. This redirected the project's focus toward acquisition strategies and highlighted the importance of embedding gender analysis into data processes.
- **Targeted outreach matters:** The women-centric campaign exceeded lead-generation targets and outperformed the placebo version, demonstrating that tailored marketing and communication strategies can significantly increase women's visibility and engagement with digital credit.
- **Internal alignment drives impact:** Gender sensitization training and the introduction of women-specific targets helped ensure that inclusion goals were integrated across teams, from marketing to customer support. This reinforced that meaningful impact requires embedding a gender lens into institutional systems, not treating it as an add-on.

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