



## Women & Financial Inclusion

This article is based on [“Women are key to financial inclusion”](#) which was published in The Hindustan Times on 24/04/2021. It talks about gender-based barriers to financial inclusion.

Increasing access to and use of quality financial products and services is essential to inclusive economic growth and poverty reduction. Given this, increasing women’s [financial inclusion](#) is important as women disproportionately experience poverty, unequal divisions of labor and a lack of control over economic resources

The effective implementation of Aadhaar-based eKYC collection and authentication lowered barriers of entry to the formal financial system. It has allowed the [Jan Dhan-Aadhaar-Mobile \(JAM\) trinity](#) to lay the foundation to bring 230 million unserved and underserved women into the formal financial services ecosystem.

However, despite digital technologies and government initiatives, hurdles to increase the financial inclusion for women have not been eliminated.

### Women & Financial Inclusion Linkage

- **Building Financial Resilience:** Women are decision-makers for spending and savings in most low-income households. They are thus more committed and disciplined savers than men.
  - Many research documents have shown that when given the opportunity, women save and by doing so build financial resilience.
  - Thus, it is economically viable for banks to target women, while contributing to such social good.
- **Increasing Social Capital:** Women’s engagement with financial institutions and their ability to access participation in work and credit from such institutions can increase their social capital.
  - Thus, empowering 230 million women Jan Dhan customers financially leads to the potential upliftment of 920 million lives, at an average family of four.
- **Critical For Women’s Empowerment and Poverty Reduction:** Providing low-income women with effective and affordable financial tools to save and borrow money, make and receive payments, and manage risk is critical to both women’s empowerment and poverty reduction.
- **Gender Gap in Financial Inclusion:** According to the 2017 Global Findex database, 83% of males above 15 years of age in India held accounts at a financial institution in 2017 compared to 77% females.
  - This is attributed to socio-economic factors, including the availability of mobile handset and internet data facility being higher among men than women.

### Gender-Based Barriers to Financial Inclusion

Demand Side Barriers	Supply Side Barriers	Legal & Regulatory Barriers
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<ul style="list-style-type: none"> <li>▪ Lack of bargaining power within the household</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced mobility due to time constraints or social norms</li> </ul>	<ul style="list-style-type: none"> <li>▪ Account opening requirements that disadvantage women</li> </ul>
<ul style="list-style-type: none"> <li>▪ Concentration in lower-paying economic activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of gender-specific policies and practices for product design and marketing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Barriers to obtaining formal identification</li> </ul>
<ul style="list-style-type: none"> <li>▪ Competing demands on women's time related to unpaid domestic work</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inappropriate distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legal barriers to owning and inheriting property and other collateral</li> </ul>
<ul style="list-style-type: none"> <li>▪ Lack of assets for collateral</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lower rates of digital inclusion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of gender-inclusive credit reporting systems</li> </ul>

## Way Forward

- **Gender-Disaggregated Data:** Financial service providers need to deploy strategies that focus on the Jan Dhan women segment by using sex-disaggregated data.
  - For instance, target and communicate with women and design products and processes to be women-centric.
  - At a policy-level, collecting and analysing gender-disaggregated data is vital for the creation of products and services for low-income women.
- **In-design Changes:** The design tweaks that take into account the specific needs and preferences of women can enhance their access to financial products, as well as the impact of those products on women's ability to make investments and smooth consumption in the face of income shocks.
  - Financial Products which allow women greater degrees of control and privacy surrounding their incomes and spending decisions appear to be particularly promising.
- **Enhancing Financial Literacy:** Providing financial literacy remains the key for universalisation of financial inclusion.
  - In this context, the Reserve Bank of India has undertaken a project titled Project Financial Literacy.
  - The objective of the project is to disseminate information regarding the central bank and general banking concepts to various target groups, including, school and college going children, women, rural and urban poor, defence personnel and senior citizens.

## Conclusion

The government's continued focus on women and their inclusion in the financial sector can have a transformative impact in boosting household economic resilience, expanding women's access to credit and work opportunities, aiding empowerment and equity.

### ***Drishti Mains Question***

Despite digital technologies and government initiatives, hurdles to increase the financial inclusion for women have not been eliminated. Discuss.