

Promoting Gender Equality and Inclusive Growth Through Financial Inclusion

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Abstract

Economic empowerment of women, especially rural women, goes a long way in easing several other constraints placed on them by tradition and society. Inter-temporal and inter-spatial comparisons have further established the strong linkage between increased gender equality and higher economic growth. Financial inclusion seeks to make credit available to the hitherto 'unbanked population', and has succeeded in benefitting the poorer sections of society. Recognizing this, Government of India has accorded priority to financial inclusion and civil society too has responded in equal measure.

This paper talks about the joint initiative of Hand in Hand, India (a leading NGO), Department of International Development (DFID) and Small Industries development Bank of India (SIDBI), to empower more than 50,000 women in Madhya Pradesh (India) through a multi - pronged strategy to build capacity for proper utilization of credit facilities extended to them. The financial literacy training programmes augmented their skills in the area of financial planning and management of funds while simultaneously promoting and strengthening women identity. Gender issues were interwoven in all these initiatives for greater value addition. As part of the change management strategy, the menfolk and influential members of the communities were also included to support the process of change & transformations in women's lives. We seek to present empirical evidence of empowerment of rural women which has enabled them to make informed choices to improve their financial and social well-being.

Introduction

Financial inclusion has the potential to promote entrepreneurship, wealth creation, economic growth and, also distributive justice, if we bring the 'hitherto' unbanked population into its fold. Recognizing this, Government of India has accorded top priority to financial inclusion including creating a conducive environment to support digital payments across the country. Unfortunately, despite a lot of significant measures, a large population of India's population still remains in the margins of its financial systems including the large and critical mass of rural women. The absence of rural women is particularly noticeable largely because of their sheer numbers and extent of exclusion. It is important to bring this absent, critical mass into the financial fold if we have to fully reap the social and economic gains of financial inclusion including digital inclusion.

For financial inclusion to become a reality in rural India, it has to be preceded by training in financial literacy, as while the former deals with the supply side of products, the latter addresses the demand side of issues. Thus, for people to make informed choices of the financial services (of loans, insurance, pension, remittance) available to them, they need to be trained in skills, knowledge, attitudes towards financial matters which will enable them to make informed choices and decisions for their financial well-being. According to a global survey conducted (Dec,2016) by Standard & Poor's Financial Services LLC Worldwide, there is a five-point gender gap, with 65% of men not being financially literate compared with 70% of women. In India, the gender gap is wider with 73% of men and 80% of women not being financially literate.

Our argument is that for financial inclusion to become a reality for rural women in India, the Government and civil society organizations must first invest in financial literacy training as that will not only lead to greater awareness and access in financial inclusion services but could also enhance their social avenues of empowerment like mobility, decision making abilities etc. and this is what we strive to present in this paper.

This paper provides empirical evidence of the direct correlation between training rural women in financial literacy and their increased access to financial inclusion services as well as an enhanced expansion in their social spheres of empowerment viz mobility, decision making abilities and

education of children, through a Project implemented by Hand in Hand India (a national NGO) with support of Department of International Development (DFID) and Small Industries development Bank of India (SIDBI).

About the Project

Recognizing financial literacy to be an important tool to enable men and women of low income households to make informed financial decisions and improve their overall well-being, DFID with support of SIDBI launched the ambitious Poorest States Inclusive Growth (PSIG) Project to increase access to financial services to 12 million low income households in the four states of India viz. Uttar Pradesh, Madhya Pradesh, Bihar and Odisha. Issues of gender and women empowerment were integrated in the financial literacy training programmes to pave the way for women's access and inclusion in financial service systems and enhance their overall well-being.

Hand in Hand (HiH) India, a public charitable trust working to alleviate rural poverty through job creation, livelihoods promotion and integrated community development across 16 States of India including Madhya Pradesh was selected to be the National Resource Organization (RO) to develop training manuals, train and strengthen community resource persons / master trainers to train women groups of partner MFIs on financial literacy and women empowerment issues in Madhya Pradesh (MP). Committed to promoting gender equality and inclusive growth of societies, HiH India has, since its inception in 2003 and till February 2019, mobilized over 2 million women living at the bottom of the pyramid into 1,60,133 SHGs and created over 3.6 million jobs in rural and semi urban areas of over 16 States in India. Additionally, its model of 'job creation' has been replicated in over 10 countries across the globe through its partners.

The goal of the Project was to train over 28,000 women clients of 6 Microfinance intuitions (MFIs) of Madhya Pradesh through a cadre of 40 Master Trainers (MTs) on issues of financial literacy, financial inclusion and women empowerment during the Project duration of 18 months. A baseline survey along several parameters of financial awareness, behavior and gender issues of 40% of total 28,000 women i.e. 11,200 was taken prior to rolling out the project (in November 2015) and was mapped and assessed at the end of the Project through an end line survey (May 2017) and a comparative analysis of the two research studies forms the basis of the findings and recommendations of this paper.

Methodology and Key Strategies of Project Implementation

Methodical planning, strategizing and efficient implementation were some of the reasons for the success of this Project. In this section, we highlight the methodology and key strategies that HiH India designed and executed to effectively implement the Project.

i. Concept Sharing Workshop with the Key Stakeholders: To get the key stakeholders on board, prior to rolling out the Project, a one day 'Concept sharing workshop,' was organized to brainstorm on the strategies, methodology, implementation plan, outputs to be achieved and guideless of monitoring and evaluation.

ii. Situational Analysis and Training Needs Assessment (TNA): In order to check the feasibility of the Project, a quick situational analysis and Training needs assessment of the MFI clients was conducted and documented.

iii. Selection and Recruitment of Master Trainers: A pool of 40 Master Trainers (MTs) were created, from locally-available human resources were selected to deliver the training programmes including the post-training follow-up and collecting the end line data. The MTs not only trained the women, they also mentored oriented the family members of the clients and mentored the clients for access to services and behavioral changes in their lives.

iv. Base Line Report: After judging the feasibility of the Project, a thorough Baseline study of over 11,160 women clients of 6 MFIs belonging to 866 villages across 16 districts f MP were collected by the 40 Master Trainers over 30days. The data was then collated, analyzed and documented into a report. Baseline data was collected along 4 parameters in terms of,

- Demographic and Socio-Economic profiles of women clients
- Microfinance profile dealing in integrated aspects of loans, utilization, repayment, mobility issues, training received and family support of women clients.

- Financial Behavior and Access to Services: relating to household budgeting, planning, savings and expenditures were captured.

- Gender Issues: pertaining to issues of mobility, participation in several household decisions making spheres especially with regard to financial matters, education and health of themselves and their children were assessed.

v. Development of 4 Training Manuals on Financial Literacy and Women Empowerment: Based on the training needs assessment and base line survey report, 4 Training Manuals on financial literacy and gender issues were developed over a 6 months period, including IEC materials to train the women clients. The 4 manuals and the main topics covered in them were as follows.

- Household Planning, Budgeting and Saving: Vision building, Households Expenditure mapping, Savings; Money management.

- Loans and MFI Products: Types of Loans, Calculating Interest rate; Self- assessment of one's borrowing capacity; Informed Decision making; Govt of India's Fair practice norms and Responsible Finance.

- Other Financial services: Overview of GoI's Financial services of Insurance, Remittance and Pensions; Digital Financial Literacy

- Household Well-Being and Women Empowerment: Understanding Gender; Need and Importance of Women Empowerment; Accessing GoI's schemes of Education, Health and Sanitation for overall well-being.

vi. Training of Trainers (ToTs) on the Four Training Manuals: A comprehensive 5 days Residential ToT on each Training Manual was organized for the Master Trainers during which all the MTs were duly assessed on mock training sessions.

vii. Rolling out training programmes for Financial Literacy and Financial Inclusion Services of Government of India for women: A four-phased training programme on integrated aspects including the theoretical and the practical aspects of the four training modules was rolled out.

viii. Mass Awareness Camps (MAC) on Financial Inclusion for Community Members: Mass awareness camps were organized at the village level, where the entire village participated and bankers and other financial service providers disseminated information on the Government of India's financial inclusion services and persuaded them to access the same. 72 MACs were organized to provide awareness on the important schemes of FI of the Govt of India. 22,865 community people of 13 districts participated at these MAC and gained useful insights.

ix. Financial counselling: The master trainers provided strategic information and guided women to access the financial schemes and services of the Government of India including helping them address impediments that came in the way like issues of mobility, perceptions of members of financial institutions- bankers and technical aspects of financial products etc.

x. Monitoring and Evaluation: A technology-based and real-time based Project Performance and Monitoring System (PPMS) was developed to track the progress and prepare regular updates for the project.

xi. End Line Survey and Project End Report: Finally, an end line survey of the project beneficiaries (of the baseline survey) was conducted along the same parameters (as that of the base line survey) was conducted in order to compare and ascertain the impact of the FL and WE training in their lives.

Comparisons between the findings of the baseline and end line survey forms of the next section of the paper.

Results: Financial Literacy Promotes Financial Inclusion and Women Empowerment

In this section we detail on the empirical evidence of changes in the lives of women as a result of systematic and comprehensive training in financial literacy and gender issues in not only enhancing women's level of awareness, access to financial inclusion services but also increasing their social avenues of empowerment in terms of decision making abilities, mobility, education of children etc.

We discuss the observable evidence in four areas, namely (i) awareness of financial products (ii) changes in financial behavior (iii) Increase in access to financial services (iv) social empowerment issues.

i. **Awareness of Financial Products:** This pertains to women's awareness of Government of India's popular schemes of savings, fixed deposits, housing, credit card, post office schemes etc. and it was found that as compared to 25% of the 11,600 respondents who were aware of these schemes during the baseline survey, 80% of them were aware of the above at the time of the end line survey. In terms of awareness of insurance, pension, remittance, it was the same significant difference of over 68% over the 27% at the time of the baseline as 94% were aware of these financial products at the time of the end line. This marked positive change could be attributed to a systematic and comprehensive rolling out of training on financial literacy. Awareness on the RBI's code of ethics and fair practice norms was almost nil at the time of the baseline and it was over 100% during the end line.

ii. **Change in Financial Behaviour:** Sustained training in household budgeting, savings, types of expenditures and money management led to a noticeable change in women's financial behaviour. At the beginning of the Project, while 72% of the women owned a savings banks account, only 1% saved in their banks and the remaining 71% saved in their homes, but, by the end of the Project, almost all the women clients had their bank accounts and over 66% started to save in their banks. Similarly, the baseline data showed that while 78% of the women roughly planned their monthly expenses at the time of project inception, over 94% started to systematically plan their monthly budgets by the end of the Project.

iii. **Increase in Access to Financial Inclusion Services:** Training and pro-active efforts in linking women with Government of India's financial inclusion schemes led to a perceptible impact, as, the end line survey reported that over 84% women had accessed schemes of life and accident insurance in contrast to 36% at the time of the baseline.

- An adverse but positive shift was noticed in terms of taking loans from micro finance institutions (MFIs) as while 43% had taken loans at the time of the baseline, the number dropped to 37% by the end line. This illustrates that training in interest rate calculation, harmful effects of over indebtedness, fair practice norms etc., made women assess their borrowing capacities and consequently led to a decrease in them taking loans beyond their repayment capacities, from the MFIs.

- **Use of Technology based App:** Training in digital financial literacy (using ATMs, bank challans, mobile banking) helped several women use technology-based app to undertake banking transactions of depositing savings and withdrawing money.

iv. **Expansion in Social Empowerment Issues:** It was heartening to note that weaving gender issues in financial literacy training programmes steered some critical changes in the lives of rural women and this should be a lesson for policy makers i.e. to introduce the gender components in financial literacy training.

- **Increase in mobility of women:** To begin with, it augmented women's mobility in terms of visiting banks, Government offices, MFI offices and financial literacy centers to avail the Government schemes. As compared to 45% of the women who visited these places at the beginning of the Project, over 92% did so at the end of the Project. Additionally, where 85% and 86% women had to seek consent of their family members and had to be accompanied by someone while travelling to these places, post project, these numbers dropped to 70% and 49% respectively.

- **Increase in decision making abilities to access their entitlements:** Likewise, women experienced an expansion in their decision-making abilities regarding household budgeting and money management, post project implementation. In the beginning of the project, in over 20% households, the husbands solely decided the household expenditures and this number dropped to 2% by the end of the project. Similarly, over 80% respondents said they took joint decisions with their husbands regarding money management.

- **Improvement in Enrolment of Children into schools esp. of girls:** A direct positive outcome of training on gender issues was that over 378 women registered for accessing the Government of India's social security scheme for educating their daughters. Overall, there was a 30% increase in this sphere over the baseline.

The above changes clearly signify that with increased awareness on financial inclusion products along with some handholding support to access the same, women are keen to address the social and cultural barriers that impede their access to financial services and decision-making abilities to enhance their process of empowerment and well-being.

Conclusion: What Worked? Recommendations for Policy Prescriptions

While there are several key learnings from this Project, in this section, we only highlight those that need to be prioritized to achieve maximum inclusion and participation of rural women in the financial service eco system.

1. Strong Project Orientation -getting all stakeholders on board: A key reason for the success of this Project was to secure the 'buy in' of the critical stakeholders prior to implementing the project. Varied stakeholders included senior bankers at the district level, local bankers at the block level, financial literacy center staff and most importantly, the family members and local communities. Since the Project dealt with empowering rural women, involvement of the men, family members and community stakeholders were vital, hence large mass awareness camps were organized at the village level to ensure their involvement and inclusion in the financial inclusion services fold.

2. Engendering Training Modules and Financial Literacy Programmes: Accessing financial inclusion services effects women's agencies in several ways including impacting changes in household dynamics, mobility, decision making abilities etc. These need to be tactfully addressed. The four training modules we developed in this Project were interspersed with technical knowledge (theoretical and practical), social, cultural contexts and gender issues which women could easily relate to. Going forward, policy makers need to be mindful of developing gender sensitive training materials which provide a good mix of technical knowledge, skills and gender issues to ensure maximum participation of women in this area. These training modules could be standardized and disseminated to the key stakeholders in the communities like the MFIs, NGOs (working on women empowerment), bankers and service providers. Schools and other educational institutes like the Industrial training institutes, government colleges could also be pursued to run these standard financial literacy programmes for rural communities including women during the summer breaks.

3. Engendering Institutions: A large number of banking staff and agents in rural areas are males and due to social and cultural barriers, this, to some extent, deters women from approaching them to access financial services. Hiring of women Business correspondents would help address this issue to some extent.

4. Addressing Digital Divide and Technology Gap among women: Digital divide among women in rural areas is glaring and every effort must be made to bridge this gap. As demonstrated through this Project, providing practical trainings on accessing comprehensive financial services like opening bank accounts, accessing mobile banking and digital money, availing micro credit, insurance, pension etc., through initiatives such as digital financial literacy camps could help women's inclusion in this area. Face to face training interventions could be supplemented by providing short training videos in local language /dialect for easy connect and better understanding. Similarly, access to mobile phones, internet services and use of digital transaction points need to be provided to women. Government could direct and incentivise the service providers to customise their products and prices to favour women's inclusion and participation.

5. Effective monitoring and handholding support: Last but not the least, through empirical evidence, our project has validated that putting effective monitoring and documentation mechanisms in place and extending handholding support to women does actually increase their level of knowledge, skills and confidence to partake in the financial service eco space. Emphasis should be laid on documenting evidence-based results on promoting women empowerment through financial inclusion and disseminating the results among key stakeholders including Government agencies to secure their support for better engagement of women.

Summing up, one can say that financial inclusion holds tremendous opportunities of economic and social growth for all alike and there is no reason why any section should be excluded from this growth story. However, women, especially in rural India, because of their low level of literacy, awareness, skills and social and cultural barriers, feel disengaged from this eco space. It is important to bring this critical mass by effectively designing and implementing projects for promoting women empowerment

through financial inclusion and disseminating evidence-based results among stakeholders for greater access and inclusion of women in the financial service eco-system.

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