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Contents

List of Tables, Figures, Boxes, Appendices and Abbreviations iv

Foreword xiii

Preface and Overview xvii

1. Micro Finance Marching On 1

2. The Banking Channel of Financial Inclusion: Credit Where Credit's Due 13

3. SHGs and SHG Federations: Moving Towards Sustainability? 31

4. Financial Inclusion and Rural Co-operative Banks 49

5. MSMEs: The Pillars of India's Economic Strength 61

6. Digital Financial Services in India 79

7. Artificial Intelligence and Financial Inclusion in India: A New Dawn 95

8. Recoding Women's Financial Inclusion 107

9. The Measurement of Financial Inclusion: The RBI Experience in India 119

10. Inclusive Insurance and Pensions: State of Progress in India 135

About the Authors 151

Recoding Women's Financial Inclusion

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8

8.1. INTRODUCTION

Advancing women's financial inclusion is a key policy objective for both advanced and emerging economies. Providing access to formal finance is seen as an important lever in helping poor women seize economic opportunities and build a resilient future for themselves and their families. Over time, however, the narrative on women's financial inclusion has become adjoined to parallel narratives on gender equality and women's empowerment. This has produced several undesirable effects. It has led to a misplaced understanding of the gender gap in formal finance and has accommodated incomplete and often one-sided theories of change alongside weak measurement frameworks. It has also not seriously confronted the poor evidence base on women's financial inclusion, and finally, it has induced exaggerated expectations of the financial industry regarding its role in empowering women.

This chapter does not intend to conduct a landscape assessment of the state of women's financial inclusion. Instead, it intends to sensitise the reader to the many shortcomings in the current approach to such inclusion. Section 8.2 begins by demonstrating that the narrative on women's financial inclusion is conceptually muddled and charts a forward path to clearing up some of these muddled issues. Section 8.3 summarises the evidence base on women's financial inclusion, which points to limited effects of such inclusion on women's empowerment and, when there are effects, to a limited understanding of the causal mechanisms at play. The section then proposes a financial wellbeing perspective for thinking about the impact of financial inclusion on poor women's lives. Finally, Section 8.4 describes the kinds of gender disaggregated data required to enhance the discourse on women's financial inclusion, provides an assessment of the state of gender disaggregated data currently available for the Indian context, and makes recommendations for strengthening this existing state.

8.2. SHARPENING THE NARRATIVE ON WOMEN'S FINANCIAL INCLUSION

In the last decade or so, a substantial corpus of writing on women's financial inclusion has stressed the necessity of action in this important area. Policymakers and financial service providers (FSPs) have responded with enthusiasm and vigor, and their efforts are praiseworthy. Now may also be a good time to sharpen the narrative on women's financial inclusion and iron out some of the wrinkles in how the key imperatives are framed.

This section briefly reflects on the main themes of the current narrative on women's financial inclusion and seeks to bring some clarity to their understanding among researchers, policymakers, and practitioners or FSPs (collectively referred to as stakeholders henceforth).

8.2.1. Gender Gap in Formal Finance

The idea of a 'gender gap' is frequently used by stakeholders to describe inequalities between men and women in respect of various financial inclusion imperatives. The section focuses on two points about such usage. First, economists have pointed out that a simple comparison between the two sexes by looking at the unconditional mean differences between men and women, without accounting for other factors that could potentially also influence those differences (aside from gender, i.e.), should not be construed as a gender gap.

For example, when studying the association between gender and life insurance ownership among adult individuals, other factors that could also potentially impact life insurance ownership such as employment status, income class, and household composition should also be accounted for. This will allow one to assess the differences in life insurance ownership between men and women, who have the same levels of income, employment status, and household composition, thereby facilitating a like-to-like comparison and helping one to formulate a more careful intervention aimed at increasing women's participation in life insurance.

Second, a gender gap in opportunities should not be conflated with a gender gap in outcomes. Men and women should have equal opportunities to benefit from financial inclusion. However, one should allow for the possibility that men and women will choose differently when afforded the same opportunities. Thus, inequality in outcomes need not always signal inequality in opportunities, if the aim is to truly empower women to make choices of their own.

Therefore, the critical question for stakeholders concerned about a gender gap in financial inclusion should be — do women and men of similar socio-economic backgrounds have equal opportunities to access formal finance? Here 'opportunities to access' refers to a set of enabling conditions that aid in ownership and usage of formal finance as one desires. These enabling conditions include access to basic resources such as mobile phone, internet, and digital identity, access to supply-side infrastructural support such as proximity to a bank branch or availability of a cash in-cash out touch point within 15 minutes of walking distance, access to transportation facility to visit the banking services or availability of financial products that are suitable to the specific needs of the individual, etc.

It should be reiterated here that large unconditional mean differences remain meaningful insofar as they point one to inquire further into the reasons for their arising. That is, they indicate the necessity of a more serious and careful study of contextual factors, to separate out those aspects of unconditional mean differences that could be attributable to gender-based discrimination or bias, and those aspects that could be attributed to the different genders choosing differently. Only such a deeper inquiry can produce proper high-resolution problem statements and therefore proper high-resolution recommendations for action.

8.2.2. Women's Control Over Money and Their Influence in Household Decision Making

Often the narrative around women's financial inclusion is centered on women's lack of control over money and their limited say in matters of household decision making. According to a nationally representative survey in India, the National Family Health Survey (NFHS-5) 2019–21, 72% of married women reported making household decisions jointly along with their spouse, 67% of them said that they and their spouse jointly control the money she earns, while 71% of married men reported that they along with their spouse jointly control the money he earns.[1] These numbers do not indicate lack of women's participation in household decision making nor do they indicate lack of control over money. In fact, if anything, they point in the opposite direction.

Sociologists and anthropologists have documented that women in poor households, in particular, bear most of the responsibility for the household's financial management. Guerin (2014) is a typical example of the literature. As Mas and Murthy (2017) point out, this responsibility consists mainly of daily money management, for which the woman cultivates relations in her social network and leverages these relations as and when necessary. A standard savings bank account cannot possibly substitute for those dense networks of promises and obligations within which a poor woman finds both her sustenance as well as her identity. The data available on middle- and higher-income households in India further complicates the picture. For example, the Tata AIA Survey 2022 conducted in urban cities among middle and higher-income class families finds that married women largely depend on their spouse for financial planning and this holds true even for women engaged in paid work. The survey finds that roughly 60% of women engaged in paid work do not independently take financial decisions and if given a choice 56% of all married women are not willing to make their own financial decisions.[2]

We should keep in mind that households are social units as much as they are economic units. The household is a nexus of social relations, replete with meaning. Recognising this social dimension is very important because finance itself is a social relation and therefore it insinuates itself into the household as either synergistic or disruptive with regard to existing relations of emotion and feeling within the household. Formal finance may sometimes disrupt relations that should be nurtured, and it

may sometimes lubricate relations that should be dismantled.[3] Further, intra-household relationships cannot always be reduced to bargaining dispositions or power equations except through a particular kind of theorising lens that solely serves the interest of analytical expediency. Given the real complexity of relations within a typical household, one should exercise care and caution in probing those relations in poor households before insisting that women should take charge of their financial destinies by adopting formal financial products and services. The tendency of formal finance is to atomise society into an aggregate of individuals, which may be questionable in many instances for the sake of a household's integrity and of a community's longevity.[4] Yet it is often presumed that since women care about community, introducing formal finance will automatically redound to the benefit of the community.

8.2.3. The Suitability of Formal Financial Products and Services for Women

The financial lives of poor households are characterised by insufficiency and instability of incomes, and consequently, frequent episodes of illiquidity when money is needed. Whereas formal financial products and services are suitable for managing risk, they are not so well-suited for managing contingency, which is radical uncertainty that manifests in the lives of the poor on an almost daily basis.[5] Thus, Mas and Murthy (2017) draw a clear line between the financial planning or budgeting practices of poor and middle and high-income households. While practices of poor households tend to be irregular, intuitive, and high-frequency, those of middle and higher-income households tend to be regular, disciplined or rational, and low-frequency. This makes for a set of design principles for suitability that are quite unique to poor households and women within them.

For example, general purpose savings accounts are single purpose accounts, and therefore lack the flexibility to accommodate money for multiple purposes and goals, and poor women have limited ability to associate money stored in them with particular stories or feelings.[6] Formal investment accounts require standardised and regular deposits, insurance products require households to pay regular premiums and prioritise risk management even when it is contingency and not risk that has to be solved for, and accessing formal credit from a bank requires credit scores and collateral which the poor don't have. These are only some examples of how the formal financial system fails to design products that are fit-for-purpose with regard to poor women.

Another example of how the particular context of women drives the relevance and adoption of formal financial products is the case of life insurance. A woman who does unpaid work at home in the form of managing household chores and taking care of the family might not find it relevant to buy a life insurance product, given that she earns no income from the work she does. While it is a separate matter that her work is immensely valuable and contributes to the wellbeing of the family and thereby the society and that her death would prove detrimental to the family both emotionally and economically, the fact that women's unpaid work at home largely goes undervalued and unaccounted for means that she will more often than not be inclined not to buy a life insurance product. The proper solution to this problem may lie outside of the immediate sphere of financial inclusion efforts, in terms of regularising a method of imputing monetary value to household production and reporting this as part of gross domestic product (GDP), so that a culture of recognition and acceptance can set in about the lifetime value created by a homemaker, whereupon a monetisation of that value in the form of financial products and services may become possible. This would benefit all women who stay at home and do the work of care giving (although in the case of poor women, this alone might not be enough, for the reasons described in the previous two paragraphs).

8.2.4. The Role of Gender Intentional Design

'Gender intentional' design (alternative terms are 'gender sensitive', 'gender responsive', 'gender accommodating', or 'gender inclusive') in the context of financial inclusion is commonly understood to mean the deliberate use of gender considerations to shape the design of financial products and services such that they become relevant to the context of the individual. Gender intentionality means paying attention to the unique needs of men and women, valuing their perspectives, respecting their experiences, understanding developmental differences between girls and boys, women and men, and ultimately acknowledging and incorporating this understanding in programs, policies, products, and processes.[7]

If there is a practical lesson in all that has been discussed so far in this section, then it is that gender intentionality should encompass both the individual's needs and the needs of the household within which that individual is playing a given role. Rather than

insisting that the role itself should change, and that conventional formal financial products and services should carry the burden of changing those roles, it is more modest and realistic to take such roles as given or as amenable to other kinds of policy actions. This would help to circumscribe the proper domain of action for gender intentional design in financial inclusion, which may consist in, as we have described earlier, the sphere of money management where poor women are concerned. The imperative is then not that FSPs should rig conventional products to be gender intentional without fundamentally rethinking the conventional nature of the products themselves. Rather, it is that a new set of design principles that are anchored directly to the roles that poor women play in their households, should organically produce new categories of products and services, and if necessary, neither products nor services but tools, rather, that make daily money management a smoother, easier, and more hassle-free activity for poor women. The reason that this does not regularly happen may be because it is not profitable for FSPs, but that in no way validates a general approach that would allow the principle of profitability to supersede the aforementioned design principles, because that would privilege profits over meaningful financial inclusion for women.

8.3. WOMEN'S FINANCIAL INCLUSION: FOR WHAT PURPOSE?

The theoretical case for financial inclusion is often stated as follows – access to a suite of financial products and services is expected to provide poor households with the necessary tools to invest in their future, smooth their consumption, and manage financial risks, thereby reducing poverty and inequality (Demirguc-Kunt and Singer 2017). Where women are concerned, an additional dimension of women's empowerment has been emphasised by sector stakeholders. To understand how access to formal finance might or might not impact women's empowerment, it is first important to briefly define what is typically meant by women's empowerment. Women's empowerment is broadly understood as the:

> *…process by which those who have been denied the ability to make strategic life choices acquire such an ability. The ability to exercise choice incorporates three inter-related dimensions: resources (defined broadly to include not only access, but also future claims, to both material and human and social resources); agency (including processes of decision making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation); and achievements (well-being outcomes)…* (Kabeer 1999).

In the case of microcredit, providing small loans to poor women was expected to empower them (Kabeer 2005). The hypothesis was that credit advanced to women would increase their control over household resources, thereby allowing them to allocate resources towards human capital formation within the family. Such a hypothesis drew its inspiration from a series of studies in the late 1990s and early 2000s that found significant gender differences in intra-household resource allocation and welfare gains for the household through greater spending on children's education, nutrition, and health when women were in control of household resources (Duflo 2003; Duflo and Urdy 2004; Haddad, Hoddinott and Alderman 1997; Hoddinott and Haddad 1995; Lundberg, Pollak and Wales 1997; Thomas 1990, 1993).

The hypothesis that microcredit would empower women had been in place since the very early years of microcredit in the 1980s, but it was given a firm theoretical grounding by the empirical literature on resource allocation in households that began appearing in the 1990s. By the 2000s, the microfinance industry had begun to converge on a sustainable, scalable, formal business model of lending to women, accompanied by a narrative which stated that credit's role in ending poverty 'encapsulated the aspirations of leading microfinance institutions' across the globe.[8] On the business side, things turned out well. Negligible to zero default rates and high rates of returns for debt and equity financiers allowed for a dynamic, competitive supply side to develop. What did women accomplish, though? Between 2005 to 2015, a series of studies based on randomized controlled trials (RCTs) found that microcredit had no effect on female empowerment and its impact on low-income households was labelled as 'modestly positive' and 'non-transformative' (Banerjee et al. 2015). A separate body of literature, rooted in sociological and anthropological methods, pointed to adverse effects of targeting women for microcredit (Balasubramanian 2013; Garikipati et al. 2017; Guerin 2014; and most recently, Guerin et al. 2023).

Moving beyond microcredit to other kinds of financial inclusion efforts, three main sources of evidence have been relied upon, all of them offering

literature reviews of interventions and their effects. The first one, chronologically, is Karlan et al. (2014) who compile the results of 18 studies conducted between 2006 and 2013 that sought to ease access to savings products for the poor in various countries of Latin America, Asia, and Africa. While a majority of the studies demonstrated an increase in the frequency of savings account use, less than half of the interventions produced increases in the quantum of savings or in downstream effects such as income or expenditure increases. Only one of the 18 studies (Ashraf 2010) specifically focused on the empowerment of women customers, and found statistically significant increases in women's decision-making power and in the purchase of female-oriented consumer durables. Another of the 18 studies (Dupas and Robinson 2013) found that female vendors were able to benefit more from access to a savings account than male vendors, in terms of saving more and spending more (on both consumption and investment).

The second review paper is that of Demirguc-Kunt et al. (2017). In the context of payments, the paper cites evidence from Africa pointing to the various benefits of moving cash into bank accounts and thereon into the form of mobile money – among them, the utility of building a payments history that can be used for credit-decisioning. For the case of women specifically, two studies are cited, one from Niger (Aker et al. 2016), showing that women receiving mobile money transfers (from the government) are able to exercise greater control over how to spend that money, and one from Kenya (Morawczynski and Pickens 2009), showing that the advent of mobile money made it easier for women to request remittances from their husbands who had migrated to urban areas for work. In the context of formal savings accounts, Demirguc-Kunt et al. echo some of the same sense of ambiguity that has been described in the Karlan et al. review paper. Specifically, for women, they are able to cite a study from Nepal (Prina 2015), which showed that providing savings accounts to female head of households did not increase savings but did allow them to better cope with income shocks and reallocate expenditures away from health and dowries and towards education and food.

Finally, the third source to consider is Garz et al. (2020), which compiles evidence from a number of more recent papers (2016–20) on the impacts of digitalising government cash transfers and introducing mobile money, mostly in Africa. Many of these studies were focused exclusively on women and produced positive outcomes, but the space of positive outcomes is quite varied across the studies, so that it is not a consistent or similar positive outcome that is observed for each study simply because in each case the intervention is specific and context-dependent.

What does the above evidence suggest? On the non-credit side, it is clear that more testing and evaluation are needed. The empirical methods used by economists for impact evaluation are known to have significant shortcomings, so that only replicability of a certain finding across multiple contexts can elevate that finding to the status of an empirically valid truth. Further, successful replicability is not by itself a guarantee of accurate knowledge about the causal mechanism at work. The Garz et al. (2020) paper attempts to close some of this gap by positing various causal mechanisms, but upon a careful reading, one can conclude that these are not so much causal mechanisms as they are intermediate effects. Causal mechanisms are rooted in aspects of context that are simply unobservable to the economist's method, and this precisely is the main thrust of the critiques of RCT methodology coming from commentators such as Deaton and Cartwright (2018). Such critiques deserve to be taken seriously by policymakers and, given the cautions discussed in the previous section, the standard of proof required of the economics literature deserves to be high.

On the credit side, the evidence warrants even greater reflection, especially on account of the work done by sociologists and anthropologists to highlight how formal credit could interact with existing relations within the household or within the community to produce adverse outcomes for women, even when that formal credit is being advanced to those women by design. But the economic evidence on credit also highlights another possibility that the metric of impact could be revised from things like income growth and poverty alleviation to a much simpler (though not easy to implement) criterion, and that is effective money management. Thus, if one reads the evidence as suggesting that the primary uses of microcredit has been to meet consumption needs (healthcare, school fees, food, and utilities, etc.), then one may regard such uses as perfectly valid, since they reduce the episodic poverty experienced by poor households (Merfeld and Morduch 2023; Morduch 2023). And if poor women are bearing most of the burden of money management, then their use of microcredit to smooth consumption may even be considered efficient, if not empowering.

At this juncture, it will be helpful to invert the frame. Rather than ask – does formal finance empower poor women – one may ask – what demands should the empowerment of women make upon formal finance? Once again, the perspective of money management helps to arrive at an answer. For there is now a growing body of work that is beginning to recognise the value of effective money management in promoting financial wellbeing for poor customers. Financial wellbeing or financial health is defined as the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future.[9] Specifically, it measures whether individuals are able to manage their day-to-day finances, cope with emergencies, and plan for their medium and long-term goals. If one is to believe that financial inclusion can propel financial wellbeing for women in the sense of helping them manage money better, then it naturally creates conditions for their financial stability, freedom, security, and control, thereby empowering them across one or more dimensions of women's empowerment (as defined by Kabeer 1999).

For FSPs, setting the ultimate objective of financial inclusion as financial wellbeing is a sufficient burden and responsibility in itself. It also sets out goals for FSPs in more tangible and real terms. One must acknowledge that realising the goal of financial wellbeing for their customers is not an easy task for FSPs and requires not only a fundamental shift in their business strategy but also an uncommon comfort with long-horizons for profitability. This will require an enormous commitment on the part of FSPs and their investors to look beyond scalability and standardised models and rather envision new design principles that integrate the roles poor women play in their households into the product and process design of their offerings.

8.4. GENDER DISAGGREGATED DATA

At this juncture it will be pertinent to turn attention towards the measurement of women's financial inclusion and the attendant need for gender disaggregated data. In light of the arguments made in Sections 8.2 and 8.3, this section focuses on the kinds of gender disaggregated data required, the state of gender disaggregated data currently available for the Indian context, and recommendations for strengthening this existing state.

The need for collecting gender disaggregated data is situated within the context of measuring financial inclusion, for which several frameworks already exist, both at national and international levels. While the rationale for measuring financial inclusion more broadly and gender differences in formal finance more specifically may differ, the kind of data that makes sense to collect across these two requirements is one and the same and is equally applicable to meet both the objectives.

BOX 8.1. GENDER DISAGGREGATED DATA SHOULD HELP ANSWER THE FOLLOWING QUESTIONS

(i) Do women and men of similar socio-economic backgrounds have similar opportunities to access formal finance?

(ii) Do women and men of similar socio-economic backgrounds use formal finance differently? If so, how and why?

(iii) Are there differences in the quality of financial products and services that women and men experience in their engagement with formal financial services?

(iv) Finally, what is the relationship between financial inclusion and wellbeing and does this relationship change by gender?

The qualifying condition 'similar socio-economic backgrounds' is used to emphasise the need for a like-to-like comparison when studying differences between men and women, as articulated in Section 8.2. The questions (i)-(iv) represent an input-output-outcome framework for measuring gender-disaggregated financial inclusion.[10] Here, input refers to 'opportunities to access formal finance', output refers to 'ownership and usage of formal finance' and outcome refers to 'financial wellbeing'.

The input dimension has already been covered in Section 8.2 in detail. To reiterate, men and women of similar socio-economic backgrounds should have equal access to a set of enabling conditions that facilitate the ownership and usage of formal financial products and services. These conditions include proximity to a bank branch or availability of a cash in-cash out touch point within 15 minutes of walking distance, the availability of product information in local language, and even factors such as access to transportation facilities to visit the bank branch, etc. In the context of digital financial services, enabling conditions would include basic resources such as a digital identity, a mobile phone, and an internet connection.

The output dimension refers to the customer's engagement with such products as bank accounts, savings and investment accounts, insurance, and credit. The reason for inclusion of both ownership and usage within the output dimension is that often the distinction between the two cannot be neatly separated. For example, an active health or life insurance policy indicates both ownership of a product and its usage given that the product subscription is active. So too is the case with an outstanding credit account or a fixed deposit account. On the other hand, for products such as recurring deposit accounts or mutual fund accounts or even bank accounts, ownership and usage can be separated more easily since one may own such products but may not be making regular accumulations in them. It is also important to capture aspects of usage that go beyond a simple frequency measure. For example, in the case of health insurance, the health coverage, the ability to make cashless claims, and the proportion of out-of-pocket expenses in total expenses incurred are important product features that can provide insights into the way the product is being used.

The outcome dimension is financial wellbeing, and as discussed in the previous section, this mostly captures the efficacy of financial products and services in facilitating money management.

It is important to supplement the data collected on the input, output, and outcome dimensions for men and women with data on their socio-economic and cultural backgrounds, so that a legitimate (i.e., like-to-like) comparison can be made between them. A strong case can also be made for collecting data on individual personality traits that could potentially have a strong bearing on the financial choices a person makes, literature on which is currently scarce. Such psychological factors can sometimes differ systematically between men and women (Lippa 2010; Weisberg et al. 2011) and may help to explain why men and women of similar socio-economic and cultural backgrounds may choose differently when faced with similar or equal opportunities of access.[11]

Below (Table 8.1) provides an indicative, non-exhaustive list of metrics that could be collected, studied, and tracked to assess gender differences in financial inclusion:

Table 8.1. Financial Inclusion Measurement Framework

Input (1)	Output (2)	Outcome (3)	Contextual Information (4)
Access to supply-side infrastructure • Proximity to cash-in-cash-out touchpoints within 15 minutes of walking distance • Availability of product documents in vernacular language • Availability of a range of products and services via convenient distribution channels	Ownership and usage of formal financial products • Bank/transactional account • Savings/investment account • Insurance (health, life, etc.) • Pension/retirement account • Credit	Financial wellbeing • Ability to manage day-day cashflow needs • Ability to manage debt • Ability to manage and recover from shocks • Ability to plan for medium and long-term goals	Household information • Geographical location • Household composition • Primary source of household income • Household income classification • Religion
Access to basic resources • Mobile phone • Digital ID/know your customer (KYC) document • Internet access	Quality of financial products and services experienced • Customer experience • Product design/features (e.g., health coverage, ability to make cashless claims, etc. in the case of health insurance)		Individual information • Age • Marital status • Paid employment status • Education • Digital financial capability* • Big-5 personality traits** • Household responsibilities and decision- making power
	Accessibility and usage of grievance redressal channels • Incidence and nature of complaints • Turnaround time for complaints resolution • Ease of accessing grievance redressal channels		

Input (1)	Output (2)	Outcome (3)	Contextual Information (4)
	Ownership and usage of informal sources of finance*** • Gold • Physical assets (land, real estate, movable assets) • Informal credit, savings, and insurance mechanisms		

* Digital financial capability is defined as the knowledge, attitudes, and skills that enable a person to actively use digital financial services.[12]

** Refer to the personality and behavioural module from Networks, Employment, dEbt, Mobility and Skills in India Survey (NEEMSIS Survey) for an example of how this data could be collected.[13]

*** Given the role of informal sources of finance in the lives of low-income households, we believe that it is important to collect and understand data on whether and how men and women use these channels differently.

8.4.1. Operationalising Gender Disaggregated Data Collection

In the above-mentioned framework, questions within the 'input' and 'output' dimensions (columns 1 and 2) can be administered both at the household and the individual level. At the household level, questions can be asked to the head of the household or his/her spouse to gauge access and engagement households have with the formal financial system at an aggregate level (for example, does anyone in the household have a bank account, do members of the household use digital payments, etc.). Subsequently, questions at the individual level could be administered to at least one male and one female member of the family (typically the head of the household and his/her spouse), such that collection of gender disaggregated data is possible.

Column 4, which pertains to contextual information is also required both at the household and the individual level. Basic features of the household such as location, religion, primary source of income, etc. can be asked to the head of the household, whereas individual information such as age, marital and employment status, etc. could be administered to at least one male and one female member of the family (typically the head of the household and his/her spouse).

Questions within the 'outcome' dimension (column 3) can be administered to the individual who plays the lead role in managing household finances as it directly speaks to the money management functions that a family is required to perform in order to plan their financial lives, both in the present and for the future. This will allow for two things: first, it will help validate whether or not the responsibility of money management falls on women in low-income households (as articulated in the previous sections) and second, it will allow for gender disaggregated data at the outcome level depending on the gender of the respondent who is asked the questions within the outcome module. This approach will therefore help in understanding the potential differences in the impact that formal finance has on households' financial wellbeing when women are the 'money managers' versus when men take up that role.

Finally, we envision gender disaggregated data collection efforts to be a dynamic, iterative process. The value of collecting data, in the manner proposed through the above framework, is in validating whether or not access as presently conceived induces usage and wellbeing. If the survey finds that men and women have equal opportunities to access finance but that women are not using the products available to them, then it could potentially signal a lack of suitability of these products in its current form for those women. The survey should ideally help FSPs understand the reasons why a product might be unsuitable, such that better financial products and/or tools can be designed to suit their customers. The second iteration of the survey/framework should then assess access to and usage of those new products/tools so as to understand if progress is being made in the right direction.

8.4.2. Need for Strengthening Gender Disaggregated Data on Financial Inclusion

Existing datasets that currently collect gender wise data on financial inclusion in the Indian context often do not follow a strong theory of change, resulting in weak survey instruments and incomplete datasets at best. The World Bank's Global Findex Survey, launched in 2011 does the most comprehensive job of capturing financial access, usage, and wellbeing at the individual level, for both men and women. However, perhaps its biggest limitation is that the survey is conducted only once every three years and does not adopt a dynamic approach to measuring financial inclusion despite the rapid change witnessed in the financial services industry in the last five years. Other surveys conducted by the Indian Government such as

the National Sample Survey (NSS) Office's All-India Debt and Investment Survey or the NFHS-5 are largely household surveys with questions administered at the aggregate-household level. While a set of questions are also administered at the individual level, it does not suffice in building evidence on gender differences in access and usage of finance. Finally, administrative datasets typically maintained by FSPs and regulators serve as a crucial source of information regarding the access and use of financial products and services. In particular, the Reserve Bank of India's (RBI) supervisory reporting framework collects in-depth information on engagement of individuals with the formal financial system. However, only a limited set of information is made publicly available by the regulator. These largely pertain to bank account, outstanding credit, deposit account, and amount which are tagged by the gender of the accountholder, thereby providing insufficient information on other parameters outlined in Table 8.1.

Given this context, the following recommendations can be useful in strengthening the state of gender disaggregated dataset:

(i) Including new modules/questions in existing government-run surveys across the themes and sub-themes mentioned in Table 8.1. This can be a cost-effective exercise as government-led surveys and other data collection efforts by civil society organisations and academic think tanks can be used to include questions or survey modules that help fill the gaps in the current evidence base.

(ii) launching a new survey with the objective of collecting gender disaggregated data at regular intervals (potentially on an annual basis) on the recommended themes. Given the cost constraints in conducting a large, nationally representative survey, the government may be best suited to lead such an effort in consultation with other policy research institutions, across all the stages of such an effort.

(iii) modifying existing supervisory reporting formats by adding a gender variable and publishing gender-wise data that is already available with the regulator. RBI should consider incorporating gender-disaggregated data as a separate supervisory reporting format, in addition to the existing categorisations.

(iv) RBI should also consider publishing the annual Financial Inclusion Index (FII) score at a gender-disaggregated level as well as make publicly available the gender-wise data using which the scores are calculated, for greater transparency and better policymaking.[14]

(v) FSPs should consider playing an active role in measuring financial inclusion of their customers across the dimensions of access, usage, and wellbeing. Given their understanding of the realities and contexts of their customers, they are in the best position to offer product, services, and tools that suit their needs. A measurement framework such as the one described above, when administered at regular intervals, can help FSPs understand if their services are adding value in the lives of their customers.

8.5. CONCLUSION

In this chapter, it has been argued that women's financial inclusion is not merely the extrapolation of conventional financial products and services to poor woman – rather, it is about understanding the lives of poor women and finding context specific solutions that help them manage their financial lives better.

Various innovative and large-scale efforts have taken shape in the last two decades in India to advance women's financial inclusion. Opening of bank accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) has indeed accelerated bank account ownership among rural Indian women. While the program was critiqued for dormancy of accounts in the early years, the average balance in PMJDY accounts has increased with time and has proved to be an important vehicle in delivering social protection benefits directly into the bank accounts of both men and women. The self-help group (SHG) movement too has been a big part of the women's financial inclusion story in India. It has been remarkably successful in providing poor women with institutional platforms to access social and financial capital, thereby promoting their social and economic empowerment. Distributional channels such as Bank Sakhis (women business correspondents) for last mile service delivery under the National Rural Livelihood Mission (NRLM) program has not only helped in facilitating access to finance in hard-to-reach areas but has also proved to be an important vehicle for low-income rural women to access meaningful employment opportunities. Their role in improving the digital financial capability of their customers is also a channel of intervention that promises much hope.

Yet, while the interventions are manifold, the narratives on 'women's financial inclusion' and 'women's empowerment' are often narrow and lack an acknowledgement of the complexity of the issue. These narratives may need much more careful framing and parsing for all the above efforts to truly elevate the condition of poor women. This chapter may be seen as a small contribution to that end.

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END NOTES

1. National Family Health Survey (NFHS-5), 2019–21. https://main.mohfw.gov.in/sites/default/files/NFHS-5_Phase-II_0.pdf
2. TATA AIA Survey, 2022. https://www.tataaia.com/about-us/media-center/2022/indian-women-are-still-financially-dependent.html
3. The claim here is that any financial relation between a household and its external environment, whether that relation is mediated by formal channels or informal ones, is going to interact with existing relations of co-dependency within the household between its different members. These interactions may have positive or negative consequences for the quality of existing intra-household relations. We should not presume that formal financial channels are special in producing only positive consequences for intra-household relationships. See, for example, Nelms and Rea (2017) for how these complexities play out, and not always favourably, in various developing countries in the context of mobile money.
4. The impulse towards atomisation is coded from the very beginning into the theoretical frameworks that inform mainstream economic theory, out of which modern financial economics arises as a distinct sub-discipline. These are frameworks founded upon the axiomatic assumption of methodological individualism, and the consequences of this assumption for how economic theory constructs the real world of human action in its own image have been explored by numerous thinkers, from philosophers like Foucault (1979) to economic sociologists like Mackenzie (2003). The International Political Economy scholarship, such as Bernards (2019), has explored similar themes in the context of fintech as a pathway for financial inclusion.
5. The categories of risk and contingency are differentiated by the understanding that contingency is uncertainty that cannot be described in probabilistic language, whereas risk is uncertainty that can. Therefore, contingency escapes the analytical toolbox available to financial engineers for designing financial solutions to problems of risk management.
6. Mas and Murty (2017) highlight three money management categories that households adopt. They label these as animating money (bottling liquidity), income shaping (scheduling liquidity), and liquidity farming (liquidity on demand). Associating money with particular stories and feelings refers to mentally compartmentalising different stores of money for different purposes, which a single purpose bank account is unable to do.
7. The definition of gender intentional is borrowed from the Glossary of Terms and Concepts on Gender Equality prepared by UNICEF. https://www.unicef.org/rosa/media/1761/file/Genderglossarytermsandconcepts.pdf
8. Towards a new impact narrative for financial inclusion, CGAP. https://www.cgap.org/research/publication/toward-new-impact-narrative-for-financial-inclusion#:~:text=Updated%20theory%20of%20change%20for,services%20contributed%20to%20these%20outcomes.
9. This definition of financial wellbeing is borrowed from the UNSGSA report on Measuring Financial Health: Concepts and Considerations. https://www.unsgsa.org/publications/measuring-financial-health-concepts-and-considerations
10. We take inspiration from the Dvara-XKDR financial inclusion measurement framework that was introduced by Dvara Research and XKDR Forum in the Inclusive Finance India Report, 2022. https://inclusivefinanceindia.org/wp-content/uploads/2023/01/Inclusive-Finance-India-Summit-Report-2022.pdf
11. Taking Sex Differences in Personality Seriously.- https://blogs.scientificamerican.com/beautiful-minds/taking-sex-differences-in-personality-seriously/#:~:text=On%20average%2C%20males%20tend%20to,ability%20are%20negligible%20%5B2%5D.
12. The definition of digital financial capability is borrowed from the following 2021 report by Women's World Banking. Empowering Women on a Journey towards Digital Financial Capability. https://www.womensworldbanking.org/wp-content/uploads/2021/03/WWB_DFC-Report_2021.pdf
13. Details of the NEEMSIS survey can be found here. https://hal.science/hal-04207258
14. Financial Inclusion Index for India. https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=20502