Time to get real about financial inclusion for women

Frances Sinha, facilitator of the only all women panel at the December 2016 Inclusive Finance India Summit. Published in the Summit Bulletin

Women may ‘hold up half the sky’, or somewhat less than half the sky in most of India, but they hold up less than a third of recognised economic work, of jobs, of bank accounts and mobile phones. And they own less than15% of agricultural land, less than 10% of businesses.

How do you react to this?

Do you think that this is just normal and OK? Perhaps you think that this is the way that India works, and even if you wanted to change it, there are too many cultural barriers and difficulties to try and change it. Change if it happens will have to be incremental, happen slowly so that it gives time for attitudes and culture to change and adjust. I guess the RBI was thinking along these lines when some years ago they set a target for banks of lending just 5% of credit to women, a target that apparently remains at 5% to this day.

In India, discussions on financial inclusion have tended to focus more on the household than on individuals in the household - men or women. The policy was for households to be able to access a benefit, or to have a savings account. The RBI target for credit to women required banks to report on credit to women. Otherwise, the data for financial services is usually ‘gender blind’. We don’t know for example if savings accounts are opened in the name of men or women. What we do know is that since men are usually the heads of household, have assets in their name, are the decision makers, with mobility and earning power, financial inclusion for the household has meant financial inclusion for men. Even if accounts are in the name of women, we do not know if women are transacting on these accounts – or actually it isa husband.

This situation changed radically with microfinance, where up to 100% of clients are women, whether as clients of MFIs or members of SHGs. Microfinance has offered new opportunities to low income women to access financial services, to conduct financial transactions, to build skills through group based interactions, to increase mobility and involvement in businesses and other development activities. The old norms were also challenged through the setting up of women’s mahilacooperative banks, run by women, for women.

These more revolutionary approaches seem to work for women,but maybe only up to a point. In microfinance, there have been issues of microcredit being too small to be useful, of service delivery being dependent on male staff; anyway credit has to be assessed for a household, not just for individuals in the household, and may often go to a business that a husband or son is running. Similar issues have arisen for SHGs of women; whereSHGs have worked well, they nevertheless need continuing mentoring support, which is difficult and costly to sustain effectively. And there are only a couple of really successful MahilaCooperative banks.Remember the failure of the BharatiyaMahila Bank – India’s first commercial bank with an all-women board, set up to provide loans and financial services designed for women.

With exciting new developments for financial inclusion – the push for universal bank accounts, MFIs transforming into Small Finance Banks, new Payment Banks and opportunities in digital finance –lets not be gender blind, nor be blind to the constraints that women face. Ideally, we need to think of women as a potential market – through every session of this summit on financial inclusion, not just at the end!