NEGATIVE IMPACTS

Social interventions frequently have unintended consequences, where unforeseen outcomes negatively affect program participants. In ICRW's systematic review of the literature on gender and financial inclusion and digital financial inclusion, the richest information on negative impacts comes from the microfinance literature, although a considerable number of articles on cash transfers and savings accounts also discuss negative outcomes for women. There is limited consideration of negative impacts in the digital financial inclusion literature.

Within the financial inclusion literature, intimate partner violence (IPV) is the only negative outcome explicitly tested for in studies, most commonly within microfinance and cash transfer programs. However, there is currently no consensus on the direction of the relationship between women's incomes and IPV. Hidrobo and Fernald (2013:317) suggest that the contradictory evidence is "due to contextual factors related to culture, community, timing, and household dynamics." In an ethnographic study of IPV and microfinance programs in Bangladesh, Schuler et al. (1998:51) find that "the highest levels of violence against women were in the village where it was most apparent that a transformation in gender roles were underway."

Evidence shows that many women are not able to maintain control over their microfinance loans, which can subsequently lead to decreased bargaining power and increased dependency on their spouses. Garikipati's (2008) mixed-methods study on the impact of lending on women's empowerment finds that even when a husband uses his wife's loans for productive household expenditures, women are unable to divert any of the incomes from loan-sponsored activities into repayments. Interventions that seek to effectively increase the financial inclusion of women should consider women's individual, household, and community contexts and how these affect the direction of relationships between women's incomes and measures like IPV and intra-household bargaining. In order to better understand why financial products and services negatively affect particular groups of women, further qualitative research and more precise disaggregation of which types of women (rural, young, married, elderly, widowed, polygamous, etc.) are affected are needed.

Some practitioners and researchers hope that digital financial services will help women to overcome the many barriers they face in accessing and using financial products and services. However, there is limited consideration of the negative impacts and unintended consequences that may result from women's use of digital financial products and services. Only two articles in ICRW's review devoted significant space to the analysis of digital financial inclusion's negative impacts on women, both of which highlighted concerns of diminishing social cohesion between spouses and community members due to fewer face-to-face transactions. These results highlight the need for more studies around the potential impact of digital financial inclusion on social cohesion, within both households and communities.

The results of the systematic review and key informant interviews ICRW conducted point to the need for more research around consumer financial protection as it relates to the impact of digital financial inclusion on the most vulnerable populations, especially women. As digital financial products and services are expanding financial inclusion to previously unbanked populations, regulators and service providers must carefully consider the vulnerabilities and risks that are presented at each stage of clients' access to and use of these products and services.

Efforts to Promote Financial and Digital Financial Inclusion Carry Risks

"We need to keep our eyes on customer risk and building in a strong risk-mitigation system. This is a population that is highly vulnerable to fraud; they could lose everything they have due to one small error."

(K. Colson, key informant interview with ICRW, February 13, 2017)

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