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GENDER AND FINANCIAL INCLUSION BRIEF: WHAT DO WE KNOW AND WHAT DO WE NEED TO KNOW?

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1. INTRODUCTION

Better and more meaningful financial inclusion may prove to be the key to unlocking the potential for micro and small enterprises to grow, reducing the exposure of poor and rural communities to income shocks, dynamizing growth, and promoting more sustainable and equitable development. Recent research underscores that where individuals have access to financial services and products, even in poor communities, they are better able to plan and manage their income (Ruiz, 2013) and households are more likely to hold savings and to invest these savings in productive uses (Schaner, 2016). Better and more meaningful financial inclusion may also foster reduced gender inequalities. Women who have access to bank accounts, savings mechanisms, and other financial services may be better able to control their earnings and undertake personal and productive expenditures (Islam et al., 2014; Alam, 2012; Ashraf et al., 2010). They may also have more substantive autonomy over their lives in decisions ranging from employment and marriage to whether to use contraception and how to use their time (Holloway et al., 2017; Aker et al., 2016; Field et al., 2016; Suri and Jack, 2016; de Brauw et al., 2014; Bandiera et al., 2013; Pitt et al., 2006; Schuler and Hashemi, 1994). They may be better able to grow their businesses, to choose where and how to work (Field et al., 2016), and to raise their productivity and earnings and reduce their chances of being poor (Suri and Jack, 2016; Swamy, 2014).

Yet conventional financial products and services still do not seem to reach the poor and women well. According to the 2014 Global Findex data, only 57 percent of women around the world have a financial account, compared to 64 percent of men (Demirgüç-Kunt et al., 2015). The gap is largest among the poor: poor women are 28 percent less likely than poor men to have a formal bank account (Demirgüç-Kunt et al., 2013). Digital financial services appear to offer innovative platforms to address financial exclusion. Digital platforms have the potential to overcome restrictions brought on by geography, reduce the transactions costs of using financial services, and enhance transparency and therefore increase trust in financial systems. Despite significant investments in mobile platforms and some prominent successes digitizing payments and transfers, women tend to face barriers to accessing and using digital financial services. Because digital financial services typically rely on mobile communications networks, access to mobile technology and the ability to use it, how and when desired, are critical factors in determining digital financial inclusion. If fewer women own mobile phones, fewer women are able to register phone-based financial accounts in their names, preventing them from fully accessing various digital financial services, like making or receiving money transfers, receiving credit, paying bills, and making decisions about the use of the funds in mobile accounts.

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2. BACKGROUND AND APPROACH

Critically examining the current body of evidence can reveal the barriers for women to financial inclusion and can inform best practices for effectively engaging them through digital platforms and media. As a strategic research partner to the Bill & Melinda Gates Foundation's Financial Services for the Poor portfolio, the International Center for Research on Women (ICRW) has undertaken a systematic review to explore recent research on gender and financial inclusion and gender and digital financial inclusion to inform the broader donor and practitioner field about gaps in and opportunities for investments in both research and interventions. Specifically, the following were the key objectives of the review:

1. To understand where and how gender influences financial inclusion and digital financial inclusion.

2. To represent the strength of the evidence base to show what the field knows and where there are gaps.

3. To highlight potential questions and knowledge gaps to inform a learning agenda for the wider field and future investments.

3. METHODOLOGY AND DATA

The ICRW research team systematically searched academic and gray literature for relevant articles using key search terms related to gender and (digital) financial inclusion. Sites for the systematic search included the development banks, international non-governmental organizations, key finance-related databases, and academic databases. The systematic search was also informed by key informant interviews with subject matter experts identified in conjunction with the Gates Foundation and from among the authors who write prominently on gender and digital financial inclusion. These interviews helped corroborate the findings on knowledge gaps and opportunities for more research

BOX 1: DEFINING FINANCIAL INCLUSION AND DIGITAL FINANCIAL INCLUSION

In this report, we define meaningful **financial inclusion** as **access to and use of financial products and services**, since access alone does not necessarily lead to active use of financial products and services. This definition was informed by ICRW's systematic literature review and interviews with subject matter experts in the field of gender and financial inclusion. The word cloud here depicts the 100 most common words that subject matter experts interviewed used when they were asked to define financial inclusion.

Digital financial inclusion can be defined as **"digital access to and use of formal financial services"** (Lauer and Lyman, 2015). A growing number of financial services, including payments, credit, savings, remittances, and insurance, can be accessed and delivered through digital and mobile channels through which value is stored and transacted in digital form without need for paperwork or face-to-face interaction.

GLOSSARY

DFI	Digital financial inclusion	**ROSCA**	Rotating savings and credit association
FI	Financial inclusion	**SHG**	Self-help group
ICRW	International Center for Research on Women	**VSLA**	Village savings and loan association
MENA	Middle East and North Africa		

and interventions and identify any gray literature or key unpublished documents and articles that were missed in the systematic search.

The initial literature scan produced a total of 1300 papers, mostly journal articles and reports. A systematic abstract review resulted in the elimination of 706 of these papers. Of the remaining 594 papers, 546 focus on financial inclusion (FI) and 116 on digital financial inclusion (DFI); these numbers are not mutually exclusive, as some publications discuss both traditional financial services and digital financial services. The included papers were then evaluated using a scoring methodology to assess their rigor and contribution to the field—no papers were excluded due to poor quality, but were weighted accordingly.

4. FINDINGS

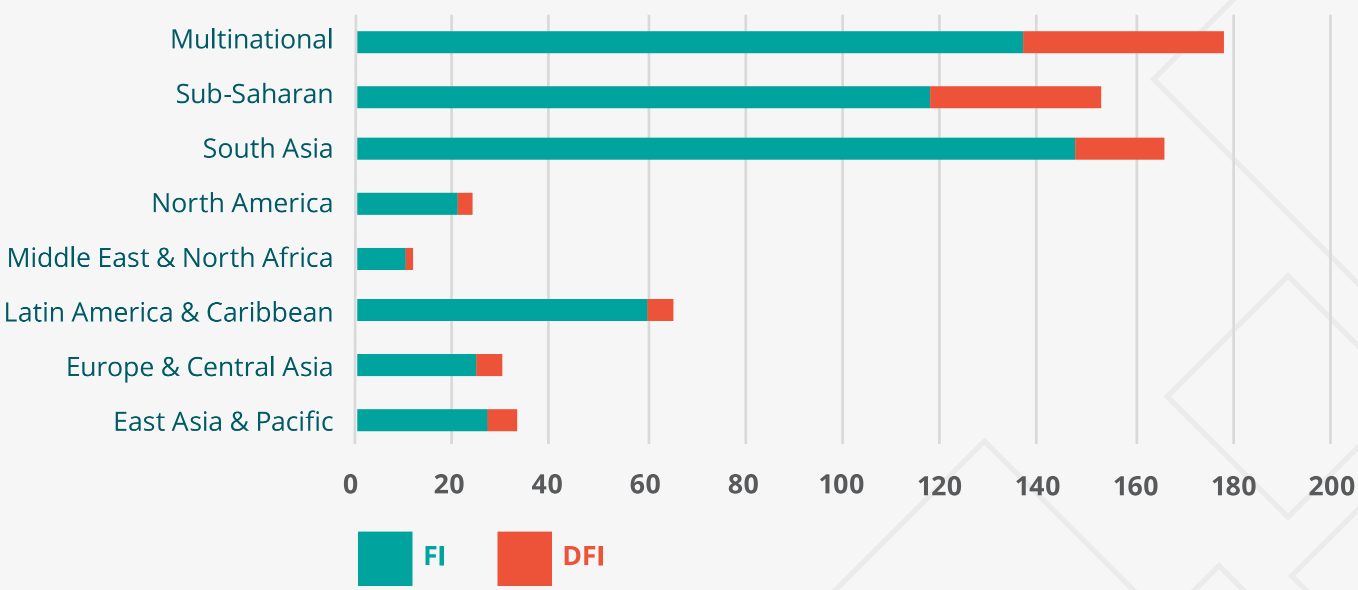
4.1 The majority of financial inclusion and digital financial inclusion analyses are based on observational or field research. These findings draw attention to the need to develop more mixed-method approaches and to interrogate some of the quantitative research with more probing qualitative analysis or draw on behavioral economics and experimental approaches to investigate how DFI can ensure greater and more meaningful financial inclusion for women.

4.2 Much of the digital financial inclusion literature is still in reports and gray literature. While this is in many ways a feature of the maturity of the FI literature, it also highlights that much of the more innovative DFI work has yet to enter peer-reviewed academic journals. Funders and development practitioners seeking to get more information about DFI have to pursue other sources of research and evaluation and follow a variety of platforms and institutions to cull from the literature.

4.3 There is a lack of research on either financial inclusion or digital financial inclusion in the Middle East and North Africa (MENA) region. This is surprising given that this is a region with particularly rich formal and informal financial institutions and codes about lending and borrowing and with a significant penetration of digital technology. Moreover, this is a context where gender inequality is particularly stark in terms of such issues as physical mobility, voice, labor market participation, and norms and dictates that define gender roles, which may play out uniquely to affect women's meaningful financial inclusion.

4.4 The majority of the literature on financial inclusion and digital financial inclusion is age-blind. This is a surprising considering that service providers and financial institutions are exhorted to "know their customer" better. Since age is strongly correlated with the experience of particular barriers to access

Figure 1: Regions Studied in the Literature Included in the Systematic Review



and use, and since the digital divide may bind more strongly on women (and older women, in particular), this has substantial implications for the delivery of more appropriate financial products and services to women across the life-cycle.

4.5 The meso and macro sphere are comparatively under-studied. The literature on both DFI and FI concentrates disproportionately on the micro sphere.[1] The impacts of DFI and FI on meso and macro processes are less well theorized and analyzed. This means that we have very little understanding of the meso barriers to full inclusion, through financial or digital financial means, or the potential impact of FI and DFI on meso processes.

4.6 There is an absence of work on gender norms in the digital financial inclusion literature. Gender norms affect access, use, and outcomes from FI and DFI. Yet they are largely under-analyzed in the DFI literature. A greater focus on how gender norms affect preferences and potentially ascribe freedoms, enhance or inhibit bargaining, or even affect the supply-side dimensions of product offerings and client recruitment would be helpful.

Figure 2: Stages of the Life-Cycle Addressed in the Literature Included in the Systematic Review

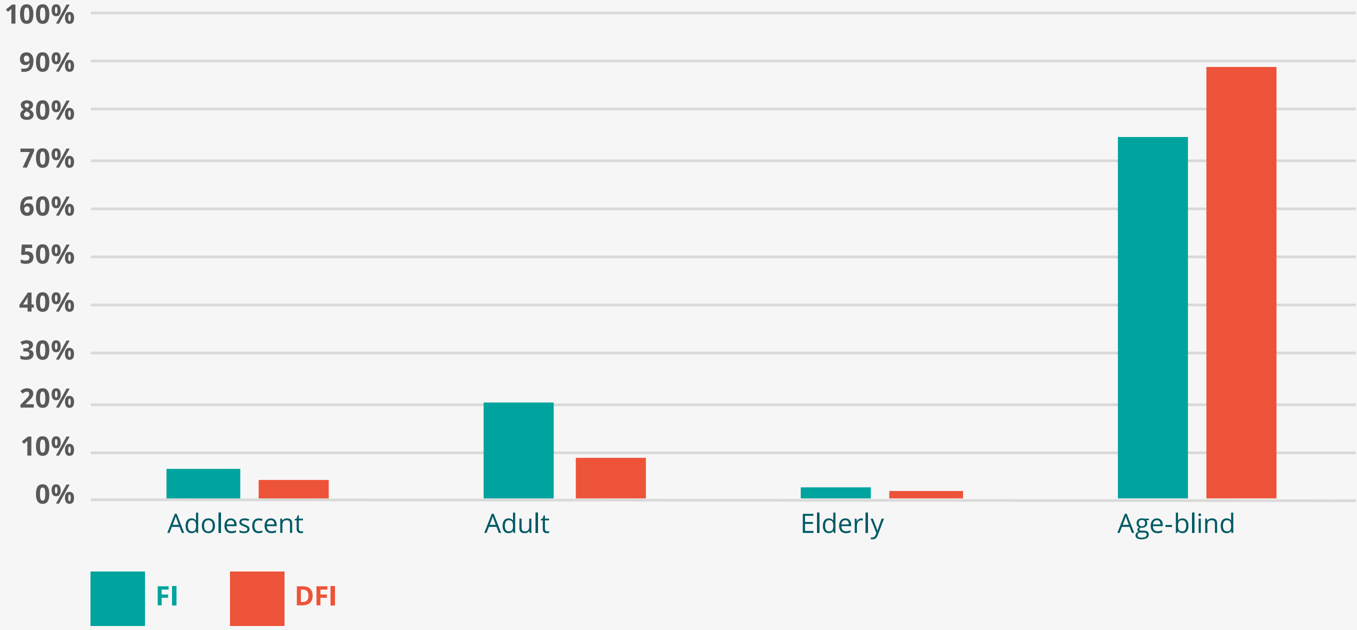
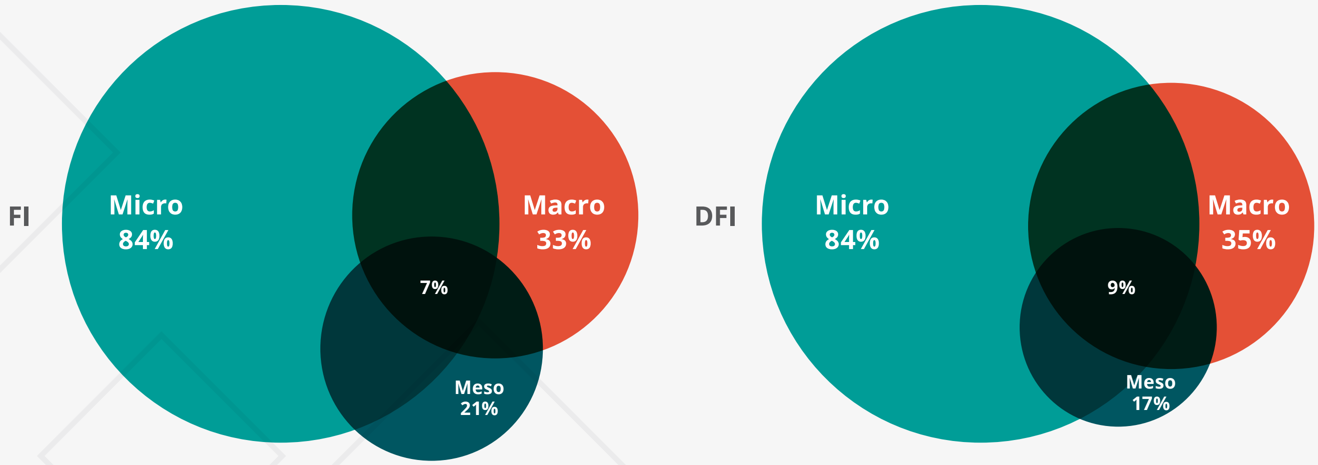


Figure 3: Levels of Analysis Addressed in the Literature Included in the Systematic Review



[1] In the analysis ICRW conducted, the micro level refers to emphasis placed on the individual and household and the gendered differences in financial inclusion and outcomes that are manifested at this level. The meso level focuses on community- and group-level analytics that also consider the economic and social impacts in distinct communities, regions, and sectors. The macro level considers how laws and policies can affect access and use and the aggregate impacts from promoting or securing greater financial inclusion for women.

4.7 Women's agency and empowerment, economic or otherwise, appears to be analyzed to a lesser extent in the digital financial inclusion literature. The systematic review highlights that there is less attention paid to agency and empowerment in the DFI literature. Often, articles assume that empowerment has occurred without interrogating the pathways to empowerment or the extent to which proxies for empowerment, such as income, earnings, mobility, and expenditures, reflect women's agency.

4.8 Labor market outcomes and time use are less well explored in the digital financial inclusion literature. The failure to examine how FI and DFI might contribute to formalization in the labor force means that important potential benefits and costs are being ignored. Financing more effective development through financial inclusion should not come at the cost of increasing women's time burdens and time poverty—and this remains a highly under-studied aspect of the linkages between FI and DFI and their outcomes in terms of incomes, earning, poverty reduction, asset acquisition, and savings.

4.9 Asset accumulation and economic security are key outcomes discussed in the financial inclusion literature, while savings, resilience, and poverty reduction are more heavily analyzed within the literature on digital financial inclusion. This most likely reflects the timing and evolution of the discourse in each stream of research. While economic security and resilience are enhanced by asset accumulation and savings, it is interesting to note how the nomenclature has shifted over time and how each stream of research delves into specific themes.

4.10 There are relatively fewer analyses of the negative impacts of digital financial inclusion in the literature. The analysis of the potential or realized negative impacts from FI focuses largely on intimate partner violence or gender-based violence more broadly. The DFI literature is even more scarcely populated with research that addresses any negative impacts. It is clear that we need to better understand how women's FI and DFI affects male status and positive male engagement with a broader aspiration for women's empowerment.

5. RECOMMENDATIONS

5.1 More investment is needed in mixed-methods analysis, in which quantitative studies are triangulated with qualitative probes and analysis. The need for greater investment in mixed-methods analysis reflects the disproportionate emphasis on quantitative analysis and the singularity of methodological approaches pursued in most papers and peer-reviewed journal articles. Many of these reports and articles deploy an economic framework and analysis, with a significant emphasis on quantitative methods, randomized controlled trials, dose-response analysis, and the attribution of causality. These types of approaches are less pervious to the more qualitative analysis of processes and indeed many fail to outline the process or theory of change by which inputs are translated into outputs and outcomes. The judicious incorporation of more qualitative analysis to triangulate and probe some of the results could yield a richer understanding of these processes and highlight where they may not be automatic or ineluctable.

5.2 Increased emphasis on norms as they shape access, use, and outcomes related to financial inclusion and digital financial inclusion is needed. Norms shape women's use of the financial products and services (Arun et al., 2016; Delavallade et al., 2015; Kabeer, 2001). Therefore, understanding how norms can be challenged or contested may make the delivery of more appropriate or transformative financial products and services through DFI more likely. Placing an increased emphasis on social norms as they mediate access, use, and outcomes from FI and DFI will also enable the development community to investigate how collectively-established attitudes and practices shape the freedoms individuals and households encounter to translate access into use and effect outcomes that produce measurable improvements in their lives and communities. In this domain, we would suggest there is a need for greater exploration of the extent to which norms about the ownership of or access to mobile technology limit the use of digital financial services or affect whether women can travel in order to cash-out transfers and payments or engage with male non-family members as agents or intermediaries. Probing norms about the ownership of individual bank accounts or the autonomous and even negotiated expenditure of funds will also inform the extent to which women can act on the potential benefits from FI or DFI.

5.3 Increased focus is needed on intra-household processes and bargaining. A more precise and detailed understanding of household bargaining processes as they affect access, use, and outcomes from FI and DFI could be particularly helpful. Moreover, an enriched understanding of the continuous and iterative or even nested nature of bargaining could shed greater light on how women can translate the benefits of access to financial products and services into their use and deploy these services and products to better meet their needs and aspirations.

5.4 Greater investment is required in analysis and impact of financial inclusion and digital financial inclusion in terms of women's economic empowerment and in the labor market implications (type of activity, sector of participation, formality, etc.). The potential impact of FI and DFI in the labor market has not been fully explored. We have some powerful examples of where DFI has increased the transparency of wage payments (Better than Cash Alliance, 2017; Adhikari and Bhatia, 2010) or ensured that women have access to bank accounts for their own earnings (Field et al., 2016), but these types of studies are few. We also have little understanding of how FI and DFI may facilitate a shift in sector of participation or support greater formalization of employment. This could be a particularly fertile area for further exploration that could potentially highlight a number of co-investments in other institutional processes and functions, such as regulation, inspection, and labor rights education, that may need to be aligned to secure positive outcomes in the labor market.

5.5 More research should be undertaken to understand how introducing digital financial products and services into self-help groups (SHGs), village savings and loan associations (VSLAs), and rotating savings and credit association (ROSCAs) affects the social cohesion and effectiveness of these groups for promoting women's financial inclusion. Social cohesion is an integral part of SHGs, VSLAs, and ROSCAs. The success of these kinds of savings and lending groups is often attributed to a model that requires frequent interaction with other members—building social capital—and utilizes social pressure to ensure on-time payments (Deininger and Liu, 2013). Key informants pointed to, and some early research has shown, that offering digital financial products and services through these group-savings models effectively individualizes the financial services, negating the benefits of these cooperative models (Harigaya, 2016). Further research is needed to understand how introducing digital financial products and services affects the social cohesion and effectiveness of SHGs, VSLAs, and ROSCAs. Additionally, to overcome the negative impacts DFI may have on social cohesion, new digital financial products and services should be shaped to the needs and particularities of group-savings and lending models.

5.6 More focus is needed on the macro- and meso-level benefits of meaningful financial inclusion for women. To have a greater understanding of how inputs are translated into development outputs and outcomes, we need a greater emphasis on both the meso and macro aspects of FI and DFI. This is particularly important if we are to understand how greater investment in FI and particularly DFI can secure greater access to financial resources, increase expenditures, and promote denser economic activity with more forward and backward linkages locally and nationally. In exploring these types of questions, it would also be helpful to examine the extent to which financial resources in the hands of women create more economic opportunities for women to be employed and to access product and labor markets.

5.7 Researchers need to undertake more life-cycle analyses of the impact of FI and DFI. The failure to focus on the life-cycle aspects of FI and DFI means that we miss an important opportunity to fully understand the needs of potential customers at different stages of their lives, as well as potential constraints and barriers that can be unique to a particular stage of the life-cycle. How the aged can be more effectively financially included through DFI is a question that has not been fully explored. Another equally relevant question could be: what is the role for government-to-person transfers, using digital technology, to secure other benefits specific to each phase of the life-cycle? The barriers and constraints to meaningful financial inclusion are likely to be very different for customers in youth, child-bearing age, and older age, particularly for DFI. Supporting more work on the context- and age-specific nature of financial inclusion could shed greater light on how financial services and products can be better tailored to the unique needs of women customers over the full course of their lives.

5.8 More research should be conducted on gender and financial inclusion and digital financial inclusion in the Middle East and North Africa. The MENA region is clearly under-studied, which is surprising given the heterogeneity of economies and contexts but also the extent of the penetration of digital technologies in much of this region. Given that many women in the MENA region face significant mobility constraints and normative restrictions that limit their ability to engage with non-family members, some of the previous research in South Asia may also be relevant, shedding light on how FI and particularly DFI can facilitate women's greater empowerment and economic agency. Investing more resources in this region could yield some prominent and powerful analysis that can inform and reinforce the benefits of FI and DFI for women.

To read the full report, visit: www.icrw.org/research-programs/gender-and-financial-inclusion

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