**Role of Gender Bias & Household Amenities in Impeding Access to Financial Services**

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**Abstract**

While much research has focused on the benefits accruing from access to financial services among the less affluent, and among poor women, and some research is available on measuring such access, most research has been silent on the reasons for the underlying disparity. Our research explores the causes and effects of the exclusion of female-led households from the formal financial services sector.

This paper uses data from the population and agricultural censuses of India and overlays that with data from State Bank of India to understand the underlying causes behind women’s exclusion from the formal financial sector.

While 55% of non-female led households avail banking services in Andhra Pradesh, less than 41% of female headed households do so. While overall participation of households in the formal banking sector is higher among urban households than in rural households, female-headed households are disadvantaged in both rural and urban areas.

Availing Banking services often places a significant demand on the time of the consumer. Access to drinking water, toilets, bathrooms, kindling wood, electricity, implements improving agricultural productivity and efficiency, and better health care are all factors which affect the time available for women to visit banks. This is exacerbated by the relative lack of bank offices and outlets in rural areas, further raising the barriers for financial services access.

Since improving access to and usage of banking services among women requires provision of amenities that increase the “free” time available to womenfolk, programs and policies should be drafted appropriately.

**Key Words:**

Female led Households

Financial services access

Census of India

Households Amenities

Agricultural Census

1. **PURPOSE OF RESEARCH**

Financial Inclusion which promotes access and the use of high-quality financial services, particularly among poor people, is crucial to achieving inclusive growth. The well-established literature suggests that under normal circumstances (Beck, Kunt & Honohan, 2009, Ruiz 2013, Cull, Ehrbeck & Holle 2014, Claessens, 2006, Bauchet et al, 2011), the degree of financial intermediation is not only positively correlated with growth and employment, access to financial services has a positive impact on a variety of microeconomic indicators, including self-employment business activities, household consumption, and wellbeing.

While the Spandana study in Hyderabad(Banerjeeet al, 2010, 2013) did not find later-stage improvements in welfare as a result of access to the initial micro credit from *individual, general purpose* loans, other studies suggest that purpose-defined and monitored lending, especially in the form of group loans (Attanasio et al, 2015), has a beneficial impact on household affluence, consumption and well-being.

However, about half of all working-age adults are excluded from formal financial services at a global level (Kunt & Klapper, 2013). For the lowest income quintile, 77 percent are excluded. Small and medium-sized enterprises (SMEs), which contribute the most significant share of economic activity in emerging markets, have female ownership levels of 30-37% of all SMEs in emerging markets.

Evidence suggests that women disproportionately face financial access barriers that prevent them from participating in the economy and from improving their lives (Berger, Dignard, Havet, 1995). Even when women have bank accounts, they often do not have decision making authority on the use of such bank accounts. Access to Banking services enables women to get loans for farming, industry, business and education, which would improve their contribution to local economy. According to the Harvard Business Review, women control about $20 trillion global consumer spending and earn about $18 trillion extending their circle of economic influence. Yet, unfavorable business and regulatory environments are among the barriers that impede women entrepreneurs from accessing finance (Roy, Sapre, 2016).

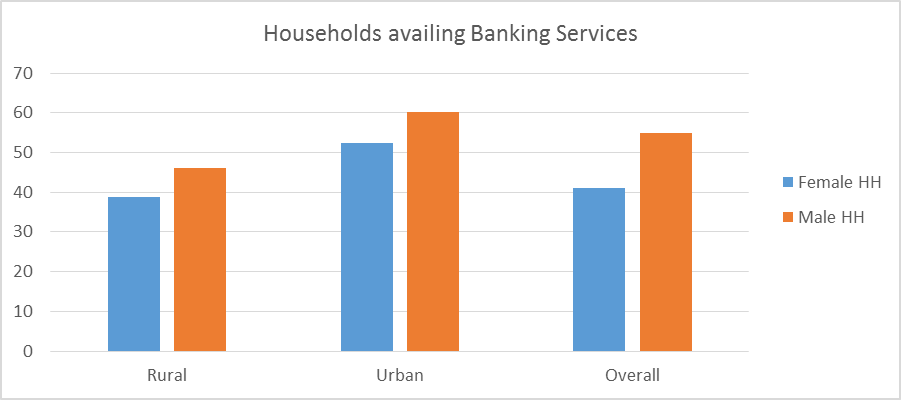
While much of extant research has focused on the benefits accruing from access to financial services among the less affluent in general, and among poor women in particular, and some research is available on the magnitude of the problem, most research has been silent on the reasons for the underlying disparity.

Our research explores the causes and effects of the relatively higher exclusion of female-led households from the formal financial services sector, and suggests ways of remediating the same.

1. **METHODOLOGY**

For the purpose of this paper, the census data of the state of Andhra Pradesh has been used as the primary data source to determine correlation between penetration of banking services in female led households, and other socio-economic indicators.

Out of 21.024 million households in Andhra Pradesh, around 2.77 million are female led households out of which only 1.34 million are availing banking services, which is less than 41%, whereas 55% of non-female headed households avail banking services. While overall participation of households in the formal banking sector is higher among urban households than in rural households, female-headed households are similarly disadvantaged in both rural and urban populations *vis a vis* their male counterparts.

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**Figure 1: Households Availing Banking Services**

Possession of various assets like radio/transistor, television, computers with and without Internet access, landlines, mobile phones, two-wheeler and four-wheelers etc., usage of various input factors in agricultural activities, landholding patterns, irrigation characteristics, cropping intensity and kinds of crops grown, the relative density of bank branches and ATMs ,sources of drinking water, types of fuel used for cooking, availability of type of latrine facility etc., have been examined to determine their correlation with the prevalence of availing banking services at a district level. This data has been supplemented by State Bank of India’s internal data on the penetration and value of financial services among households in the state of Andhra Pradesh.

The data has been examined to explore disproportionate distribution of these metrics among female-led households.

1. **MAJOR FINDINGS**

Availing Banking services often places a significant demand on the time of the consumer, primarily because of the relative inaccessibility of bank branches and ATM s, especially in rural areas. With women carrying the additional burden of providing for the household, the time available for them for discretionary activities such as visiting a bank is even lesser. This scenario is prominent in households led by divorced, separated or widowed women. In a household with both men and women, the distribution of responsibilities partially alleviates this inconvenience. Bouts of ill-health further eat into the time available to women. Thus, access to drinking water, toilets and kindling wood, electricity, implements improving agricultural productivity and efficiency, and better health care are all factors which could influence the time available for women to avail banking services.

**Figure 2: Type of Cooking Fuel used with Financial Services access**

Availability of more modern and sophisticated cooking fuels has a positive correlation with use of Financial products and services.

**Figure 3: Marital Status with Financial Services access**

Being Widowed, Divorced or Separated has not only implications of social sanction, it also restricts women’s access to financial products & services.

The unavailability of latrine facilities within the premises of households forces women to use public latrines or excrete openly near water bodies eating into their time and making them susceptible to dangerous diseases due to the contamination of water and surroundings. This leaves them with no time to avail banking services. Female headed households with unavailability of bathrooms within the premises show similar trends.



**Figure 4: Type of Latrine with Financial Services access**

*** Figure 5: Availability of bathroom with Financial Services access***

From an impact standpoint, we find that there is a strong correlation between use of banking services and economic indicators (possession of mobile phones, televisions, computers with or without internet, 2- and 4-wheelers etc., possession of permanent houses, agricultural holdings etc.).

**Figure 6: of Household Amenities Possessed with Financial Services access**



**Figure 7:Type of Houses Possessed with Financial Services Access**

A strong correlation has been observed between the Financial Services Access and the agricultural holdings that are wholly owned irrespective of the size of holdings (Marginal, Small etc.)

**Figure 8:Ownership Status of Agricultural holdings with Financial services Access**

Hygiene plays a major role in preventing diseases and maintaining health. There is a strong negative correlation between use of banking services and prevalence of unhygienic conditions like usage of open drainage and consumption of untreated water.



**Figure 9:Type of drainage with Financial services access**



**Figure 10:Source of drinking water with Financial service access**

Women with fewer children spend lesser amount of time as primary care givers, and have more time to avail of banking services.

**Figure 11:Number of Surviving Children in Women with Financial Services Access**

The data from State Bank of India revealed the fact that higher the number of bank offices per 1000km2 and 10,000 people, lower is the number of women customers with zero balance accounts. This highlights the fact that while concerted activity has resulted in bank accounts being opened for a large number of people in the country, use of such accounts is still constrained by accessibility of service touch points.



***Figure 12:Density of Bank Offices with Percentage of Zero Balance Accounts in State Bank***

1. **IMPLICATIONS**

Efforts to improve access to and usage of banking services among women, and rural women in particular, should be supplemented or even preceded by efforts to improve living standards aimed at increasing the “free” time available to womenfolk in the first place.

Provision of cleaner fuels to female led households for cooking such as LPG reduces the time spent in collecting fuel and also has positive implications for the health of women and children in the household. Proper drinking water and sanitation facilities must be provided. Preventive primary health care should be provided to the women themselves as well as the elderly and children in the household. Along with better health care services, awareness programs on birth control have to be conducted in order to ensure women need to spend less time tending to the infirm and the infants in the household.

Provision of these enablers should be undertaken as a mandatory step, either in the form of CSR, or through purpose-defined lending to ensure that women not only have bank accounts, but use them as well.

Another major reason for the given situation is lack of awareness – resulting in a self-reinforcing vicious cycle (McCarter et al, 2006). Awareness Programs focused on the benefits of availing banking services have to be conducted regularly, especially in the rural areas.

Female led households with no banking relationship face a serious economic crisis. So, it is important that banking services reach female headed households in order to reduce their economic vulnerability and make them major contributors to the development of the country.

Banks should take the initiative to help women overcome the hurdles faced by them in accessing financial services. More bank branches and ATMs need to be opened to ensure that the welfare activities taken up by government like Pradhan Mantri Jan Dhan Yojna, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Beema Yojana, Sukanya Samriddhi Accounts, and Direct Benefits transfer efforts not only reach women but also get them to avail the benefits regularly.

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