

---

## WOMEN'S ECONOMIC EMPOWERMENT THROUGH FINANCIAL INCLUSION: A WAY FORWARD

*\*Dr. Shilpa SampathKumar, \*\* Dr. Umamaheswari.S, \*\*\*Dr. B. N. Sathyabhama*

*\*Assistant Professor, Department of Commerce - PG Studies, School of Commerce, JAIN (Deemed-To-Be University), Bengaluru.*

*\*\*Assistant Professor, Department of Commerce - PG Studies, School of Commerce, JAIN (Deemed-To-Be University), Bengaluru.*

*\*\*\*Associate Professor, Department of Post-Graduation, V.E.T First Grade College, Bengaluru.*

---

### Abstract

Financial Inclusion is considered to be a critical indicator for development and well-being of the society around the globe. Women empowerment is a radical approach concerned with transforming power relations in favour of female gender and considered essential for global progress. Thus, an inclusive financial model is being adopted in developing nations to achieve fundamental to formative objectives. The current article investigates the economic empowerment of women through financial inclusion. The present study uses primary and secondary data. Sample of 100 women respondents were collected from the rural area in Kanakapura District through a structured questionnaire. The data collected are analyzed by using statistical tools such as Chi-square test, Karl Pearson's Coefficient of Correlation and Multiple Regression. The study attempts to examine the role of financial inclusion intervention in promoting women economic empowerment. The study revealed that though women participating in financial inclusion is minimal it has its impact on the economic development of women.

**Key words:** Financial inclusion, financial awareness, access to bank account, women economic empowerment,

### 1. Introduction

In 2005, the former general secretary of the United Nations emphasized upon the significance of 'Inclusive Financial Sector' to ensure gender economic equality. The G-20 summit, in 2010, perceived financial inclusion (FI) as one of the paramount pillars of the worldwide progress. In fact, financial inclusion has been identified as facilitator for seven of the 17 sustainable development goals. World Bank considers FI as the key to boost prosperity by poverty reduction.

Women empowerment is a radical approach to transform power relations in favour of female gender that leads to better gender equality (Batliwala, 2007). Gender equality and women empowerment are essential to global progress and it can be enhanced by providing affordable financial services to women (Holloway, Niazi, & Rouse, 2017). Formulation of mechanism to achieve women empowerment through affordable financial services is a rigorous approach to achieve sustainable growth globally. The concerns for women empowerment have been rising in India over last few decades. In the Indian context, most of the studies (Datta & Singh, 2018; Ghosh & Vinod, 2017; Swamy, 2014) have used publicly available data to determine the extent of Financial Inclusion.

### 2. Current State of Research on Women's Economic Empowerment Through Financial Inclusion

Majority of the literature has focused on the theoretical and conceptual development of financial inclusion in contexts of micro-finance institutes and self-help groups. The research using primary data set is limited. A few studies attempted to identify the crucial factors for the extent of financial inclusion in India, that is, education, income, financial information, access, usage, and self-help groups (Bhanot, Bapat, & Bera, 2012; Bhutoria & Vignoles, 2018; Siddiqui & Siddiqui, 2017). Despite the fact that

substantial advancement has occurred towards financial inclusion in India, a large number of the accounts have been underutilized by the bank account holders. According to Global Findex database, only 20 percent of Indian adults have active savings bank accounts. The circumstances concerning access of credit from formal financial establishments are even more regrettable as only 7 per cent of Indian adults can access credit from their accounts. Significant reasons for this exclusion from the financial framework are low financial literacy (Fernandes et al., 2014; Lusardi & Mitchell, 2014), social inclinations (Frisancho, 2016; Karlan, McConnell, Mullainathan, & Zinman, 2016), institutional biases (Agier & Szafarz, 2013; Brana, 2012; Corsi & De Angelis, 2017; Fletschner, 2009; Muravyev, Talavera, & Schäfer, 2009), social limitation (Bylander, 2014; Guérin, Kumar, & Agier, 2013; Hummel, 2013), and absence of trust on financial organizations (Karlan, Ratan, & Zinman, 2014; Mehrotra et al., 2016).

Economic empowerment is the capacity to contribute towards the growth processes in a way that recognizes the value of their contributions and makes a fair distribution of their wealth to enhance the access of economic resources (OECD, 2011). Swain and Wallentin (2009) found that economic factor contributes significantly to women empowerment. In another study, Al-Mamun, Wahab, Mazumder, and Su (2014) investigated the change in women empowerment through qualitative survey that quantified economic empowerment utilizing following criteria: decisionmaking at household level, financial/economic security, resource control, say/control in familial decisions, legal awareness, and mobility. Based on the sample data of 242 low income urban women in Malaysia taking interest in micro-credit programme, the study quantified the effects of household basic leadership. In an extensive study, Chiapa, Prina, and Parker (2016), through field investigations of female heads of households reviewing 1,236 families in urban ghettos, found that access to savings bank accounts help poor families to handle their assets better, to prioritize education and consumption expenditure, and to feel more responsible for their financial/economic circumstances.

### **3. Research Methodology**

The sampling unit, that is, women in rural area of Kanakapura, was chosen using simple random sampling for this study. To test the hypothesized relationships, a questionnaire-based survey approach was used with 12 items for the constructs in this study. The questionnaire was partitioned in two sections. The first section analyzed socioeconomic status, awareness and access to different financial inclusion schemes of the Indian government. Second part collected the information for economic empowerment of women. The items of economic empowerment were adapted from Raj et al. (2018), Postmus et al. (2013) and Basu (2006). All estimations in the investigation were subjective assessments of the respondents utilizing five-point Likert scale (where 1 represents strongly disagree and 5 represents strongly agree).

The questionnaire was additionally scrutinized by three academicians and three senior financial specialists with 10 years of expertise in the area of financial inclusion. They provided remarks on the draft of the questionnaire, assessing if the items were easily understandable and carried significance. Further, to test the hypothesis, Chi square analysis, Correlation analysis, one-way analysis of variance (ANOVA) and Regression was applied.

### **4. Analysis and Findings**

The Demographics of this sample are that 30% of women respondents in this study are illiterate and 24% of women are housewife where 29% of their household income comes from agriculture where 25% of average monthly household income including self falls between 5000-10000 and this study shows that 25% of women have no savings, 38% of women saves money rarely and 31% of women saves money occasionally and only 6% save regularly.

#### 4.1 Chi Square test Analysis

This study analyse the demographic profile of the respondent to examine their level of awareness of the financial inclusion for women to know how demographic variables such as age, education and their access to bank account affect the level of awareness of financial inclusion.

The study examines an association between age and awareness level of financial inclusion for women.

**Table 1: Chi square test analysis of age and awareness level of financial**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.68 <sup>a</sup>	20	.063
Likelihood Ratio	31.0	20	.044
Linear-by-Linear Association	.679	1	.474
N of Valid cases	100		

a. 25 cells (83.3%) have expected count less than 5. The minimum expected count is .12

From the above table 1, the chi-square value is 22.68 at 20 degrees of freedom and the significance level being 0.063 which is greater than 0.05, the null hypothesis is accepted and conclude that there is no association between age and awareness level of financial inclusion for women. Thus, the analysis shows that age does not influence the level of awareness of financial inclusion for women.

The study examines the non association between education and the level of awareness of financial inclusion by women.

**Table 2: Chi Square tests analysis of education and awareness level of financial inclusion for women**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	48.570 <sup>a</sup>	25	.001
Likelihood Ratio	49.6	25	.001
Linear-by-Linear Association	.036	1	.827
N of Valid cases	100		

b. 30 cells (83.3%) have expected count less than 5. The minimum expected count is .24

As revealed in table 2, Chi square value is 48.57 at 25 degrees of freedom, 0.001 being the p value which is less than 0.05 per cent of the significance level. Hence, null hypothesis is rejected which means that there is an association between education and the level of awareness of financial inclusion by women. This shows that women with higher qualification have higher awareness level of financial inclusion for women. The level of not being aware of the financial inclusion holds highest among illiterate women in Kanakapura, the reason being lack of literacy, lack of guidance and inconvenience. Thus, it is concluded that there is association between education of women and their awareness level towards financial inclusion for women.

The study examines the non association between access to bank account with respect to the level of awareness of financial inclusion for women.

**Table 3: Chi-square tests analysis of access to bank account and awareness level of financial inclusion for women.**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.123 <sup>a</sup>	5	.311

Likelihood Ratio	6.4	5	.116
Linear-by-Linear Association	1.10	1	.330
N of Valid cases	100		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .92

As depicted in table 3, 4.123 being the value of Chi-square at 5 degrees of freedom with 0.311 p-value which is greater than significant level 0.05. Hence, null hypothesis is accepted and concluded that there is no association between access to bank account with respect to the level of awareness of financial inclusion for women. Thus, the study shows that women having access to bank account shows higher awareness of financial inclusion than women. Women access to bank account influences their level of awareness of financial inclusion.

The major source of financial information is friends. The information to access credit, resources, skills and technology are very weak and its operation is also very small. Only 16% of women avail loan from either bank, friends or NGO/ Microfinance institutions or money lenders or government schemes.

#### 4.2 Correlation Analysis

To study the relationship between financial inclusion and women empowerment, correlation among the various parameters was tested as mentioned in table 4:

**Table 4: Correlation analysis between Financial Inclusion and women empowerment**

		Access financia l services	Savin g facilit y	Acces s loan	Source s of loan	Purpose of of availing loan
<b>Decision Making</b>	Pearson	-.056	-.046	-.039	-.002	.012
	Correlation					
	Sig. (2-tailed)	.405	.645	.541	.873	.911
	N	100	100	100	100	100
<b>Freedom of Movement</b>	Pearson	-.069	-.081	-.122	-.128	.045
	Correlation					
	Sig. (2-tailed)	.684	.414	.053	.205	.510
	N	100	100	100	100	100
<b>Socio-economic status</b>	Pearson	-.038	-.078	-.138	-.092	.046
	Correlation					
	Sig. (2-tailed)	.663	.289	.147	.239	.518
	N	100	100	100	100	100
<b>Positive approach towards self or child development</b>	Pearson	-.038	-.281	-.068	.011	-.036
	Correlation					
	Sig. (2-tailed)	.564	.399	.535	.844	.672
	N	100	100	100	100	100
<b>Women position in family or society</b>	Pearson	-.170	-.055	-.171	-.034	.056
	Correlation					
	Sig. (2-tailed)	.172	.774	.073	.466	.451
	N	100	100	100	100	100

As indicated in the above table 4, the correlation between each factors under financial inclusion and the factors under women empowerment shows that they are negatively correlated Hence, financial inclusion and women empowerment are negatively correlated and their significance level of each factors being greater than 0.05, the study shows that the correlation between financial inclusion and women empowerment is not significant. There is insufficient evidence to conclude that there is a significant linear relationship between financial inclusion and women empowerment. Women in Kanakapura are highly independent of their life choices and their freedom of movement. The financial inclusion penetration in the area is very poor. Saving facility and socioeconomic status show some light of correlation which shows that when basic financial services are brought to them there is an enhancement in women empowerment.

### 4.3 Regression Analysis

To analyse the impact of financial inclusion in the economic empowerment of women, income is taken as the parameter and is regarded as the dependent variable and the independent variables are access to Bank account, availing financial services, saving facility, saving, pattern, annual savings, avail loan, sources of loan, purpose of availing loan taken as the parameters to measure the financial inclusion.

**Table 5: Model Summary**

Multiple R	0.43558
R Square	0.265919
Adjusted R Square	0.32413
Standard error	1.205848
Observations	100

**Table 6: ANOVA**

	DF	SS	MS	F	Significance F
Regression	8	57.34506	7.345813	5.315591	0.00
Residual	91	124.3019	1.381937		
Total	99	234.69			

The abovetable 6depicts ANOVA result regarding the acceptability of the model from a statistical perspective. The significance value of the F- statistic is less than 0.05, it is significant which means that the average of the dependent variables is not the same for all groups. They are statistically different from each other.

**Table 7: Regression Model Summary**

	Coefficients	Standard Error	t Stat	P-value
Intercept	3.245729	0.923514	3.514541	0.000689
Have Bank account	-0.43723	0.401743	-1.08834	0.27932
Access to financial services	0.106265	0.057246	1.856291	0.04
Saving Facility	-0.07178	0.063484	-1.13068	0.261161
Saving pattern	0.035035	0.133129	0.263167	0.793017
Average annual Saving	0.219857	0.082105	2.677744	0.008794
Access Loan from Financial institution	-0.10518	0.376407	-0.27943	0.780546
Sources of loan	-0.14443	0.066996	-2.15577	0.03374
Purpose of availing loan/ borrowed money	0.02014	0.064917	0.310237	0.75709

Sources: SPSS Output

As per the above data and multiple regression analysis output:

In the above Table 7, Multiple R= 0.43558 signifies that financial inclusion is positively correlated with the economic empowerment of women and the significance level is 0.00 which is less than 0.05. Hence, null hypothesis is rejected and concluded that there is significant impact of financial inclusion on income.

As indicated above the Table 7, Access to financial services gives p value= 0.04, p value for average annual saving is 0.008794 and p value for sources of loan is 0.03374 which are less than 0.05. Hence, null hypothesis is rejected indicating that there is impact of financial inclusion on income. It shows that there is significant relationship in income status of women with the change in independent variables that is access to financial services, average annual savings and sources of loan. Their income changes with the change in Average annual savings and sources of loan. Women empowerment is more dependent on average annual saving, access to financial services and sources of loan which can significantly impact the lives of rural women. However, women having bank account, saving facility, saving pattern, access loan from financial institution, purpose of availing loan/ borrowed money have significant value greater than 0.05 which shows that it has lower impact on income status of women with the change in this independent variables.

### 5. Discussion & Conclusion

Economic development of a country can be upgraded if women participation in financial inclusion increases. The study reveals that financial inclusion empowers women if the basic financial services is exposed to them but the area of empowerment is very limited. Lack of financial awareness, poor education level, lack of usage of banking facilities and poor financial information regarding benefits for women are the reasons that were observed for poor awareness related to various financial inclusion schemes. In this study the level of empowerment is not satisfactory. Also a very few factors influence the empowerment level. Outreach programme and extension of operational activities of financial inclusion is very much needed. Financial illiteracy is very high and participation in financial inclusion is very low. Therefore, the concern should formulate creating awareness on effective and efficient use of credit. Though a great focus is given to penetrate rural areas the effective operation of financial services is still very low. Focus need to be given in creating awareness and more effective communication is a must to enhance the impact of financial inclusion in the empowerment of women in future. It is observed from the study that the achievement of Financial Inclusion in Kanakapura is minimal yet it has its impact on the economic empowerment of women. Thus, it can be concluded that Financial inclusion has still long way to go to bring women empowerment.

### References

- Agier, I., & Szafarz, A. (2013). Subjectivity in credit allocation to micro-entrepreneurs: Evidence from Brazil. *Small Business Economics*, 41(1), 263–275.
- Al-Mamun, A., Wahab, S. A., Mazumder, M. N. H., & Su, Z. (2014). Empirical investigation on the impact of microcredit on women empowerment in urban Peninsular Malaysia. *The Journal of Developing Areas*, 48(2), 287–306.
- Batliwala, S. (2007). Taking the power out of empowerment— An experiential account. *Development in Practice*, 17(4–5), 557–565.
- Bhanot, D., Bapat, V., & Bera, S. (2012). Studying financial inclusion in North-East India. *International Journal of Bank Marketing*, 30(6), 465–484.
- Bhutoria, A., & Vignoles, A. (2018). Do financial education interventions for women from poor households impact their financial behaviors? Experimental Evidence from India. *Journal of Research on Educational Effectiveness*, 11(3), 409–432.
- Brana, S. (2012). Microcredit: An answer to the gender problem in funding? *Small Business Economics*, 40(1), 87–100.
- Bylander, M. (2014). Borrowing across borders: Migration and microcredit in rural Cambodia. *Development and Change*, 45(2), 284–307.

- Chiapa, C., Prina, S., & Parker, A. (2016). The effects of financial inclusion on children's schooling, and parental aspirations and expectations. *Journal of International Development*, 28(5), 683–696.
- Corsi, M., & De Angelis, M. (2017). Gender discrimination in microfinance? Some evidence from Uganda. *The Journal of Development Studies*, 53(5), 723–740. doi:10.1080/00220388.2016.1205733.
- Datta, S. K., & Singh, K. (2018). Aspects of inclusion and peoples' empowerment related to national rural employment Guarantee Scheme in India. *International Journal of Public Administration*, 41(2), 83–94.
- Fernandes, D., Lynch, J. G. Jr., & Netemeyer, R. G. (2014) Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861–1883.
- Fletschner, D. (2009). Rural women's access to credit: Market imperfections and intra-household dynamics. *World Development*, 37(3), 618–631.
- Frisancho, V. (2016). How to raise household savings in LAC: Constraints and best practices. IDB Technical Note (Department of Research and Chief Economist) IDB-TN- 962. Washington, DC: Inter-American Development Bank.
- Ghosh, S., & Vinod, D. (2017, April). What constrains financial inclusion for women? Evidence from Indian micro data. *World Development*, 92, 60–81.
- Guérin, I., Kumar, S., & Agier, I. (2013). Women's empowerment: Power to act or power over other women? *Lessons from Indian microfinance*. *Oxford Development Studies*, 41(sup1), S76–94.
- Hummel, A. (2013). The Commercialization of microcredits and local consumerism: Examples of over-indebtedness from indigenous Mexico. In I. Guérin, S. MorvantRoux, & M. Villarreal (Eds.), *Microfinance, debt and over-indebtedness: Juggling with money* (pp. 253–271). London, UK: Routledge.
- Holloway, K., Niazi, Z., & Rouse, R. (2017). IPA women's economic empowerment through financial inclusion: A review of existing evidence and remaining knowledge gaps. New Haven, CT: Innovations for Poverty Action.
- Karlan, D., Ratan, A. L., & Zinman, J. (2014). Savings by and for the Poor: A research review and agenda. *The Review of Income and Wealth*, 60(1), 36–78.
- Karlan, D., McConnell, M., Mullainathan, S., & Zinman, J. (2016). Getting to the top of mind: How reminders increase saving. *Management Science*, 62(12), 3393–3411.
- Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44.
- Raj, A., Silverman, J. G., Klugman, J., Saggurti, N., Donta, B., & Shakya, H. B. (2018, January). Longitudinal analysis of the impact of economic empowerment on risk for intimate partner violence among married women in Rural Maharashtra, India. *Social Science & Medicine*, 196, 197–203.
- Muravyev, A., Talavera, O., & Schäfer, D. (2009). Entrepreneurs' gender and financial constraints: Evidence from international data. *Journal of Comparative Economics*, 37(2), 270–286.
- Siddiqui, T., & Siddiqui, K. I. (2017). Determining effect of telecom services on financial inclusion in Haryana using SEM. In T. A. Siddiqui & K. I. Siddiqui (Eds.), *Proceedings of international conference on research and business sustainability* (pp. 436–441).
- Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from Self-Help Groups in India. *International Review of Applied Economics*, 23(5), 541–556.
- Swamy, V. (2014, April). Financial inclusion, gender dimension, and economic impact on poor households. *World Development*, 56, 1–15.
- Postmus, J. L., Plummer, S. B., McMahan, S., & Zurlo, K. A. (2013). Financial literacy: Building economic empowerment with survivors of violence. *Journal of Family and Economic Issues*, 34(3), 275–284.