

Chapter 13

Women's Financial Inclusion

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ABSTRACT

The purpose of this study is to examine women financial inclusion. Some barriers to women financial inclusion were highlighted. Some strategies to increase women financial inclusion were also identified such as providing greater financial education for women, greater access to formal credit for women-owned businesses, microfinance designed for women, government loan schemes for women, adequate legal identification for women, affordable mobile phones for women, and laws that criminalize gender discrimination against women.

1. INTRODUCTION

This paper explores financial inclusion for women.

Women financial inclusion refers to access and use of affordable financial services for women (Bhatia and Singh, 2019). It also refers to bringing women into formal financial system so that they can use existing formal financial services to improve their welfare and the welfare of their households. Some progress has been made to increase financial inclusion for women such as providing women with cheap mobile phones and using fintech to deliver financial services to women (Mushtaq et al, 2023). Despite these efforts, women still lag behind in financial inclusion according to the 2021 Global Findex Report.

In some parts of the world, women continue to face greater financial exclusion than men for different reasons, such as societal culture and a rigid patriarchal system, among others (Ghosh and Vinod, 2017; Kulkarni and Ghosh, 2021). Women financial exclusion is further worsened by unforeseen shocks, like the COVID-19 pandemic, wars, discriminatory laws, and ethnic conflicts, all of which have reversed some of the gains made so far in extending useful and affordable financial services to women (Demirgüç-Kunt et al, 2013; Setiawan et al 2023). And, even when women own a formal account, there are still problems of low account usage, account inactivity, large number of dormant accounts, digital illiteracy, and a reluctance to use formal accounts for day-to-day transactions among women (Ghosh and Vinod, 2017; Saluja et al, 2023). In other societies, divorce, separation, and widowhood affect women more

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negatively than men, and it affects women's ability to access and use a wide range of financial services (Demirgüç-Kunt et al, 2013). As a result, divorced women are more likely to be poorer than divorced men after separation (Demirgüç-Kunt et al, 2013). Also, some commercial banks design financial products and services that are more attractive to men than women, thereby neglecting women's needs and preferences (Chavan, 2008).

There is a need to increase financial inclusion for women to improve women's access and use of financial services which would enable them to be financially independent and economically empowered in society. Targeted financial inclusion for women will enable women to generate income, access essential services, and protect their basic standards of living, which are essential to live a meaningful life and to foster gender equality in society (Hendriks, 2019). This paper explores women financial inclusion. It highlights some barriers to women financial inclusion and several avenues for increasing financial inclusion for women.

The discussion in this paper contributes to the literature that examine financial inclusion for vulnerable groups. Such studies include (Mavrinac and Chin, 2004; Kyrgidou and Petridou, 2013; Jarecke et al, 2014; Zins and Weill, 2016; Tran et al, 2018; Ozili, 2020a; Ozili, 2021). This study extends the literature by focusing on financial inclusion for women who are a vulnerable group. The discussion in this paper also contributes to the literature that examine the possible solutions for expanding financial inclusion. Such studies include Sapovadia (2018), Atkinson and Messy (2013), Ozili (2023), and Ozili (2022b).

The rest of the paper is organized in the following way. Section 2 presents some barriers for increasing women financial inclusion. Section 3 presents some strategies for increasing financial inclusion for women. Section 4 highlights some real-world programs for increasing women financial inclusion. Section 5 presents the conclusion of the study.

2. BARRIERS TO WOMEN FINANCIAL INCLUSION

Below are some barriers that hinder women financial inclusion. Some of these barriers are also faced by men but women are disproportionately affected by them because of their gender. They include:

Economic Barriers

- Low-income for women compared to men.
- Lack of credit histories for women
- Time and mobility constraints
- Unequal access to technology
- The presence of a well-functioning and trusted informal financial system in rural areas
- Lack of tangible assets to use as collateral for loans.
- Lack of financial services designed to meet the needs and preferences of women.
- Financial digitization risks that affect women disproportionately than men

Cultural Barriers

- Unequal inheritance rights
- Inter-role conflicts in the home
- Barriers to women's access and control over property
- Socio-cultural constraints
- Small number of female-headed households

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