Chapter 11
The Role of Financial Inclusion in Driving Women's Economic Empowerment

Shivangi Bhatia
Delhi Technological University, India

Gaurav Dawar
https://orcid.org/0000-0002-4120-5235
CHRIST University (Deemed), India

ABSTRACT

The current chapter examines the impact of financial inclusion on women's economic empowerment. The data was gathered from 1,140 women in slums through a structured schedule on a five-point Likert scale. The schedule was pretested and validated using reliability and validity tests. The exploratory and confirmatory factor analysis were performed to validate the questions. The impact was tested using linear regression, and results of regression model indicated women's financial inclusion significantly contributes to their economic empowerment. The findings of the study indicate that women in urban slums do not lack access to financial institutions. The results of the study have critical implications for policymakers and stakeholders involved in the financial inclusion process such as bankers, self-help groups, and others to re-orient themselves towards financial inclusion practices.

DOI: 10.4018/978-1-6684-6118-1.ch011

INTRODUCTION

Access to Financial services is recognised globally as a key factor for economic and social development (Sha'ban *et al.,* 2020). Individuals "excluded from mainstream financial network are prone to different type of risks such as social exclusion and missed opportunities for" economic pursuit. The empirical studies have emphasised on the benefits of financial inclusion (FI) is enhancing the individual's livelihood and focusing on building inclusive and financially resilient societies (Aslan *et al.*, 2017; Kass-Hanna *et al.*, 2022). According to World Bank Findex data, 1.2 billion adults have had access to financial services since 2011, yet about one-third, or 1.7 billion adults, remain unbanked (Demirguc-Kunt *et al.,* 2020). Out of these, Females make up 56 per cent of the unbanked population (Demirguc-Kunt et al., 2018). The majority of financially excluded live in developing world and mainly in South Asia and Sub-Saharan Africa (Demirguc-Kunt *et al.*, 2018). The policymakers and other stakeholders argue that inclusive financial systems empower individuals, especially the most vulnerable, to save, borrow, build assets and protect against risk (Gash and Gray, 2016).

The gender gap in FI, such as difference in access to bank account, building saving and access to credit, "raises concerns because of its economic implications interms of gender inequality. The gender gap in FI is a major consequence for women empowerment by restricting the ability of women to play economic role". These differences exert long term impact on financial stability of women especially from lower segment of society (Perrin and Weill, 2022). Also, there are limited empirical evidences available in literature to make arguments for FI of women in slums and required further investigation.

Women's empowerment is high on the development framework's agenda. Women make significant contributions to the economy, but their returns are disproportionately low because they lack control over resources, savings, and bank borrowings. Since its inception, the welfare of women has continued to be one of the areas of concern of the United Nations (UN, 1995). In the last two decades, significant progress has been made toward the empowerment of women through the xMillennium Development Goals and Sustainable Development Goals in health, education, and economic well-being". Gender equality and women's empowerment are critical to global progress, and they can be aided by making financial services more affordable (Holloway *et al.*, 2017). FI is providing financial services at no expense to vast sections of the distraught and low-income populaces (UNCDF, 2006; Ardic *et al.,* 2011; Demirgüç-Kunt and Klapper, 2013; Allen *et al.,* 2016). Thus, FI has become a priority for governments and institutions in numerous OECD nations (Ardic *et al.*, 2011; Demirgüç-Kunt and Klapper, 2013; Allen *et al.*, 2016). The government's

Related Content