NOLEGEIN Journal of
Financial Planning and Management

ISSN: 2581-4087
Volume 5, Issue 1, 2022
DOI (Journal): 10.37591/NJFPM

http://mbajournals.in/index.php/JoFPM/index

Review NJFPM

The Challenges on Enhancing Women's Financial Inclusion Using Digital Financial Services

Shubhi Khare[1,*], Pooja Jain[2], Vimal Tiwari[3]

Abstract

Any nation's economic development will have reached a major new level if its citizens have adopted digital financial services on a mass scale. Particularly in light of the publication of the COVID-19 data, the new diversified banking structure that has been established in India with the intention of using technology to improve financial services for underserved groups, such as small businesses and individuals with low incomes, has been established. The primary objective of this strategy is to provide access to financial services for all individuals, with a particular emphasis on eliminating the obstacles that women face. In this study, we investigate some of the specific challenges that women face while using internet banking and other types of digital financial services. This transition has not been without its challenges, especially for women, in the areas of socioeconomics, globalisation, mobile phone use, and financial literacy. The banking sector is one of numerous that is becoming increasingly digitalized as a consequence of COVID-19. These are only some of the many reasons why women are often prevented from making use of financial services that are offered electronically. For the purpose of compiling this background material, secondary sources such as publications issued by the Reserve Bank of India (RBI) and other financial and non-financial organisations have been used. In addition to this, articles from a wide range of academic websites and magazines have been combed through. Digital financial services should be made available to as many people as possible and should not be difficult to obtain in order to advance gender equality and economic progress. However, if women had access to digital financial services, many of these barriers would no longer exist (considering the specific design qualities of technology and the sensitivity of bankers).

Keywords: Financial inclusion, Digitalization, Socioeconomic issues, Use of mobile phones, Financial Literacy.

INTRODUCTION

Any nation's economic development will have reached a major new level if its citizens have adopted digital financial services on a mass scale [1]. A new banking structure that is more varied and uses technology to provide financial services for populations who have been underserved has arisen in India [2]. This comprises those with low incomes and small enterprises, but it is not restricted to just those groups [3]. The primary objective of this strategy is to provide access to financial services for all individuals, with a particular emphasis on eliminating the obstacles that women face [4]. Since 2009, the leaders of the Group of Twenty (G20) have made a commitment to increase access to financial services for those who are economically disadvantaged. This

***Author for Correspondence**
Shubhi Khare
E-mail: shubhi.khare17@gmail.com

[1]Research Scholar, Department of Management Studies, ITM University, Gwalior, Madhya Pradesh, India
[2]Assistant Professor, Department of Management Studies, ITM University, Gwalior, Madhya Pradesh, India
[3]Assistant Professor, Department of Management Studies, SRKCPM, Satna, Madhya Pradesh, India

Received Date: June 16, 2022
Accepted Date: July 07, 2022
Published Date July 16, 2022

Citation: Shubhi Khare, Pooja Jain, Vimal Tiwari. The Challenges on Enhancing Women's Financial Inclusion Using Digital Financial Services. Nolegein Journal of Financial Planning & Management. 2022; 5(1): 14-22p.

statement contained a reference to the "Principles for Innovative Financial Inclusion," which were presented at the Toronto Summit in 2010 [5]. These Principles encourages the use of institutional and technological breakthroughs in order to broaden access to financial services. More than two billion people on our planet do not have access to legitimate financial services; the vast majority of these people are women [6]. It is essential to take note of both the exciting advancements that have taken place and the persistent gaps that still exist in the market as digital payments become an increasingly important component of national and global economies [7].In order to reach gender parity in the field of financial services, it is essential for women to have access to digital finance and digital transaction platforms [8]. While doing so, we need to make certain that women are able to profit from the digital economy, that it is secure for all participants (both businesses and customers), and that women play an active role as business owners and industry leaders in the process of developing more equitable digital markets [9]. Customers with upper and medium income levels may be 'counted' more easily; hence, it is only logical that product development will concentrate on these individuals as the world changes its attention to the digital economy [10]. In order for the most marginalised members of society, which includes a significant number of women and girls, to be able to reap the benefits of the fourth industrial revolution, digital economies need to be both inclusive and able to enable innovators to establish sustainable business models that are effective for them [11]. This has the potential to speed up the process of gender equality if it is done correctly (while still protecting the privacy of each individual woman). When more women and girls utilise these platforms, more of their data will be used to shape new products, innovations, and decisions made by the private sector and the government [12].

Figure 1 illustrates the requirements that must be met in order to make financial services available in order to stimulate economic development. A financial sector that is inclusive ensures that all individuals may have access to and make use of the sector's primary financial resources. Having a strong foundation in financial literacy is necessary in order to make the most of these financial resources [13]. Because it ensures a person's consumption remains consistent throughout the course of their lifetime, having strong financial management skills is considered an investment in a person's human capital. The term "digital financial literacy" (often abbreviated as "DFL") refers to a new kind of financial literacy that is becoming more important in today's internet environment. The expansion and development of the industry is essential to the economic well-being of any nation. To maintain both their health and their effectiveness, the financial markets absolutely need enough financial capacity [14]. The components of an inclusive financial sector are shown in Figure 1. These components guarantee that all individuals may have access to and make use of fundamental financial resources, and they also contribute to the growth of the economy. For this money to be put to good use, a certain amount of financial literacy is necessary on the part of the user [1].

RESEARCH METHODOLOGY

The qualitative data that was used in this research came from a variety of official and governmental sources, some of which include the websites of the Reserve Bank of India, Niti Aayog, Direct Benefit Transfer, GSMA, and ICRW. The data points and statistics, which graphically display the effect that Digital Financial Inclusion has had so far in India, provide insights into the gaps that need to be addressed in order to promote development and maintain sustainability. These gaps need to be addressed in order to promote development and maintain sustainability. We looked through a wide corpus of secondary materials, such as publications published in academic journals that had been subjected to peer review and the recommendations of expert committees, in order to get an understanding of Digital Financial Inclusion programmes.

Challenges for Women's Access to Financial Services

According to Global Findex, women make up around five-sixths of the world's population that does not have access to a bank account. This equates to almost one billion different women. By the year 2021, the most populous countries (Bangladesh, China, India, Indonesia, Mexico, Nigeria, and

Pakistan) will be home to fifty percent of the world's unbanked female population. There is no statistically discernible difference between the explanations given by men and women for their lack of bank accounts [15]. The principal justification offered was because there were insufficient financial resources. In addition, there are other challenges that women in particular must overcome in the present time, such as socioeconomic issues, global issues, the use of mobile phones, and a lack of financial literacy as a result of the introduction of COVID-19, which altered the working landscape and pushed the world closer to digitization in many areas, including the banking sector. These are just some of the challenges that women face in the modern world. These are only some of the many reasons why women are often prevented from making use of financial services that are offered electronically [5].

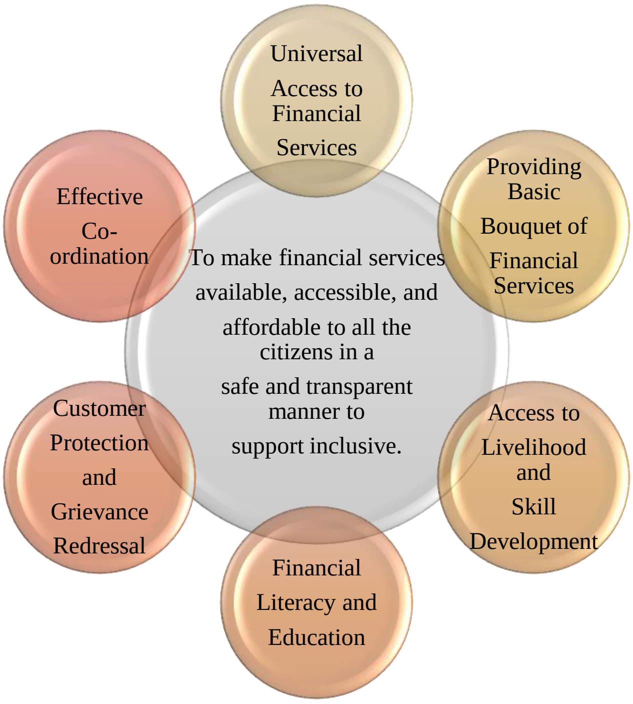

Figure 1. Digital Financial Inclusion.

Socio-Economic Scenario for Women

According to the figures presented in the United Nations report on the status of the world's women and girls in 2015, even though women and girls make up over half of the world's population, their socioeconomic situation is far worse than it should be (United Nations 2015b). Persistent gender-based inequalities may be seen in the workplace, in terms of access to education and literacy, in terms of the implementation of discriminatory laws (both official and informal), and in terms of the experience of physical violence on the basis of gender [16].

Inequality in Work and Pay

Women of working age make up just half of the global labour force, while men account for three quarters of the workforce worldwide. When women do eventually join the workforce, they have a lower chance of receiving a pension and less chance of earning equal pay for identical labour. As a direct consequence of this, women continue to face chronic wage inequality throughout their professional lives. In every sector and profession, women earn a smaller percentage of what men do; in the majority of countries, a woman working full-time earns between 70 and 90 percent of what a man does for the same amount of effort (United Nations 2015b). An estimated ninety-five percent of the work done by women in developing countries takes place in the unofficial or underground economy, in activities that are not governed by labour laws and do not get the benefits of social security [17]. In countries with low levels of economic development, women work an average of three more hours per day than men do in unpaid labour. When one considers both paid and unpaid work, it becomes clear that women put in far more hours than men. Therefore, women are the greatest at juggling several responsibilities overall. They are required to work longer hours for a lesser wage so that they can care for their children, their elderly relatives, and other household chores. As a direct consequence of this, their capacity to participate in economic activities or to explore prospects for entrepreneurial endeavours is reduced. Furthermore, cultural and societal customs often place barriers in the way of a woman's ability to make a job and/or participate in the decision-making process at home. The following chart provides a graphical representation (Figure 2) of the preferences held by the general population as well as the discrepancy in income that exists between various types of jobs [17].

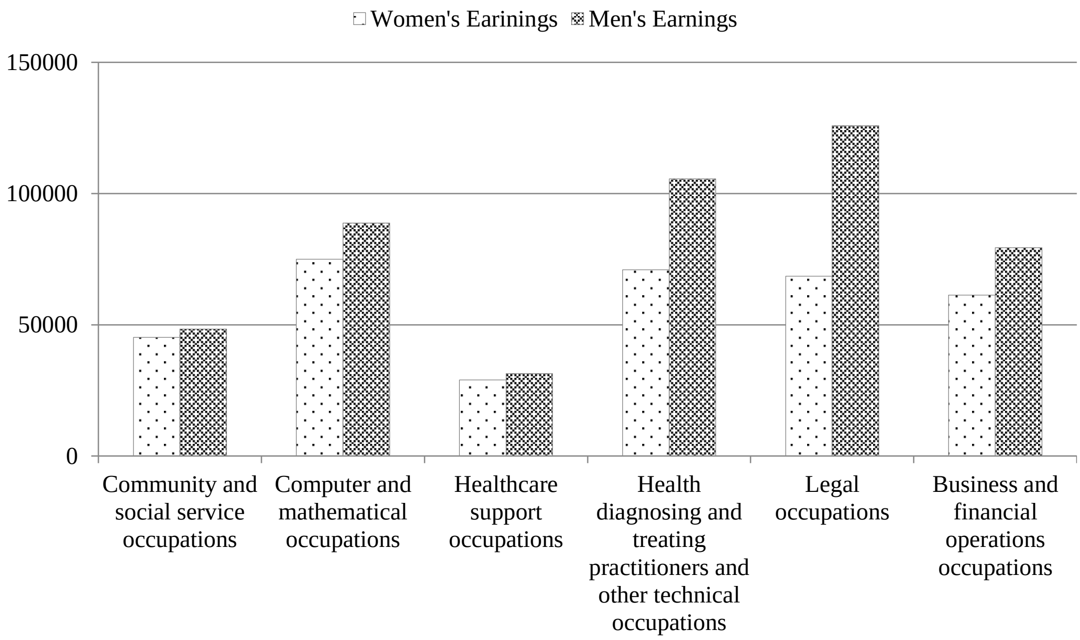

Figure 2. ICRW, 2021.

Low Education and Literacy Levels

There has been progress made in closing the gender gap, however women in some countries of the third world still suffer considerable disadvantages despite this movement. There are about 58 million children throughout the world who are not currently enrolled in primary school even though they should be. There are more females than males, and the vast majority of them may be found in southern Asia and sub-Saharan Africa (around 75 percent). Despite the increased availability of educational opportunities, there are still an estimated 781 million people over the age of 15 who cannot read or write. There are still about the same number of women as there are males among them, a ratio that has not changed much in over twenty years [18].

Global Barriers

It is a recognised problem that there is a dearth of data that breaks down participants in financial and mobile banking services according to gender. This indicates that the findings of the study may not be as reliable as they might be. Despite this, there is still a gender gap when it comes to the access that women have to financial services, which is a reality that has received a lot of attention and is well known. According to information derived from the 2014 Global Findex Database that is managed by the World Bank, the gap between these two groups is nearly 9 percentage points wider in developing economies. This number is identical to what it was in 2011 [2]. There are many issues plaguing the globe that make it difficult for people to cooperate, some of them are as follows:

Poor Access to Financial Information and Lack of Social Network

When it comes to expanding their businesses, women business owners who have excellent support networks are more willing to take the risks that are necessary. Important market data, logistical support, connections to investors, financiers, and technology breakthroughs are all offered by them. Additionally, they may aid with technological advancements. On the other hand, research has shown that women usually do not have enough access to networks as a result of cultural limitations. These limits hinder women from using public transportation or interacting with males who are not members of their immediate family. As a consequence of this, they have a more limited access to the resources and information that are necessary for them to flourish [15]. Westpac's Women's Market team was the first group of its type to be established in Australia. Through its "Ruby" brand, the marketing department of Westpac employs a workforce that is specifically focused on retaining and acquiring female clients. A method similar to this one is required in order to improve women's access to available resources [19].

Confidence in Services that are Appropriate and Affordable

According to the statistics, women have a lower propensity to utilise financial services. Women are often more risk-averse and cautious than men, and this trait is exacerbated when they are in control of the family's financial matters. When purchasing a product or service, a consumer has a responsibility to ensure that they are competently and thoughtfully evaluating their options. It's possible that female clients at the bank are afraid to approach other customers since the majority of the staff members are men. While obtaining services, some women have felt that they are treated with disdain, which has led to complaints from those ladies [17]. In order for services and products to be beneficial to women, they must first satisfy an actual need. Despite the fact that women's demands vary throughout their lifetimes, society often approaches them in the same manner. Typical activities for this group include going shopping, receiving remittances, paying school fees and bills, and paying for other miscellaneous expenses. As a result, it is very necessary that the products satisfy their criteria while also remaining within their acceptable price range [20].

Time, Mobility and Decision-making Restrictions

Because of this so-called 'double load,' women often have a greater number of duties outside the home than men do. A further concern is that, particularly in rural areas, women incur dangers to their time and safety when travelling large distances to access markets and banking services. This is especially true when travelling in rural areas. In addition, women's mobility may be restricted by conventional gender norms, which often set limits on the activities that women are allowed to engage in while they are not within the home [16]. As a consequence of this, they have a limited amount of freedom to leave the home, and they are required to get their husband's permission before doing so [8]. Because of this, their chances of finding productive work as well as access to microfinance and other types of financial aid may be negatively impacted [16]. Its possible that the inconvenient hours that many banks maintain are another factor that prevents women from participating in the economy. When it comes to making use of financial services, a woman's freedom may be restricted as a result of the fact that males often make decisions inside their own houses [3].

Lack of Access to a Mobile Phone

Building a strong economic foundation for women in India requires the use of digital financial services (DFS), which may be accessed via mobile phones [3]. GSMA's Mobile Gender Gap Report found that 81 percent of women, compared to 89 percent of men, have access to and use mobile phones at least once per week. This is in contrast to the fact that 89 percent of men own mobile phones [21]. In spite of the fact that over 35 percent of Indian women have their own bank account and 41 percent send and receive money on a regular basis (men have a far lower rate of 26 percent), it is difficult to get them to use DFS, as shown in Figure 3. The following are the causes and circumstances that are hindering it [22].

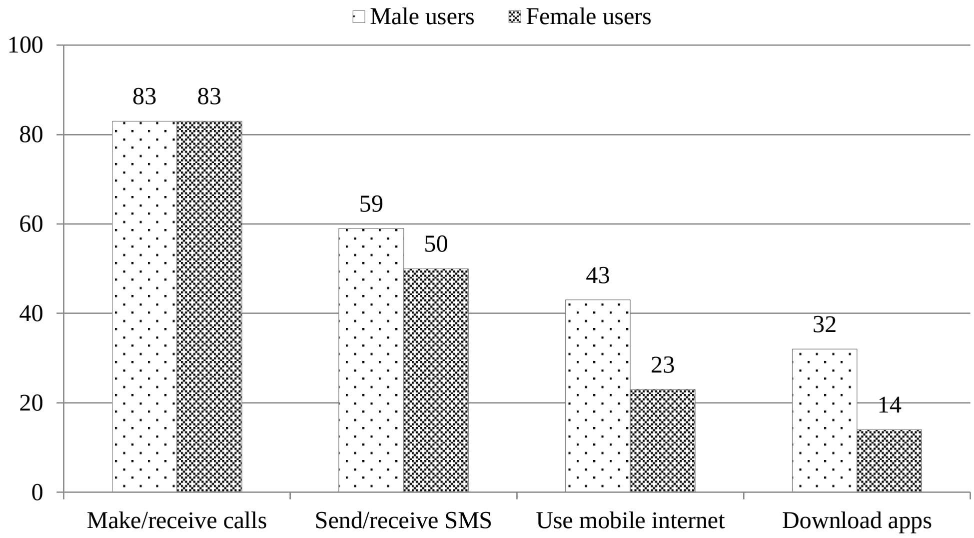

Figure 3. GSMA, 2020 Report.

When it comes to the DFS, there are three primary obstacles that prevent more Indian women from making use of it:

Women have Access to Mobile Phones

Only 31 percent of women in the United States actually own a mobile phone, despite the fact that 81 percent of them have access to one. Because they either have to use a shared phone at home or pay for public phone service, it is difficult for them to access their digital bank account. This shows that an increase in the number of women who possess mobile phones will serve as a barrier to the widespread adoption of DFS [23].

In addition, the number of Indian women who own mobile phones varies greatly throughout the nation, from 19 percent in certain regions to 76 percent in others. Some states have the highest rate of female mobile phone owners. According to research conducted by ICRW, the likelihood that men and women in urban areas of southern India own a mobile phone is almost same [24].

Inability to Accept Digital Payments Due to A Lack of A Digital Ecosystem

In the places in which rural women who are living in poverty both live and work, cash is sometimes the only form of payment that is accepted. In order to get a deeper comprehension of the opportunities afforded by digital payments, the Intermediary carried out a qualitative study with recipients of digital government payments [24]. A significant number of women who are recipients of benefits such as pensions or scholarships have opened bank accounts in order to receive their payments over the internet. However, the vast majority of people claim that businesses like grocery shops and bookstores, in addition to locations where school fees may be paid, exclusively accept cash payments. As a result, they withdraw all of their funds at once and utilise them to pay for all that they have to pay for [25].

Little Awareness and Trust in Digital Options

In rural areas with low incomes, low rates of mobile phone ownership and the lack of a digital environment have contributed to low levels of understanding about and confidence in digital financial services among rural women. According to the findings of a survey conducted by GSMA, the majorities of women in these regions are not acquainted with mobile money and are sceptical about the potential of mobile payment [16]. The utilisation of both internet banking and traditional bank tellers is at a historically low level [26].

FINANCIAL LITERACY

In the majority of civilizations, girls and women are not given the same educational chances as males. The reasons for this phenomenon include supply-side constraints, such as inadequate sanitary facilities in schools, as well as unfavorable cultural norms that give preference to the education of males when families have little financial resources [14]. A disproportionate amount of the weight of economic and cultural constraints, such as the responsibility of caring for children and the upkeep of the house, as well as child labour and early marriage, falls on women. Acts of gender-based violence, such as genital cutting and mutilation, have a disproportionately negative impact on women and girls. Genital cutting and mutilation are two examples [21]. Laws and regulations that are either inadequate or discriminatory in nature often work to stymie efforts to provide women with equal access to educational opportunities. The implications of this are continuing to have a chilling impact on their overall prospects. Women have a lower degree of financial literacy and a worse comprehension of banking and financial jargon when compared to males [4].

Many companies have begun their own training programmes in order to assist close the knowledge gap that exists between them and their competitors [17]. For example, "Money Minded is a suite of financial education tools consisting of eight topics separated into 19 sessions that may be customised to fulfill the needs of individuals. Money Minded is a suite of financial education resources. The programme includes not just workouts and instructions for instructors, but also workshop summaries, participant handouts, and pertinent case studies. Payday loans, insurance, and regular expenses are some of the topics that are extensively covered in this article [15].

CONCLUSION

As a result of the fact that DFS often concentrate on clients whose requirements aren't satisfied by conventional banks, they play an essential function for women whose desires and needs in the area of finance aren't being satisfied by the formal economy. Women in third world countries often do not have the fundamental abilities required for reading and mathematics. In addition to this, they are forced to struggle with the fact that males predominate in the financial business. The flexibility of DFS is one of its greatest strengths; it can be adapted to better fulfill the objectives of female users by placing a focus on secrecy, reliability, trust, and the creation of knowledge. Even though women are often slower to adopt new technology, we anticipate this will alter in the near future. Women are often more cautious and risk-averse than men when it comes to making decisions that might affect the financial stability of their families.

The following are some more ideas that might help increase women's access to digital financial services:

- If you want to communicate successfully with women, customize your message to their preferences on whether they live in an urban or rural setting.
- There is a need for further training for both the staff and the merchants in order to properly advertise the product to female customers.
- Use mobile banking to feel more in charge of your finances when banking, shopping, paying, saving, and paying bills for utilities;
- Develop communication campaigns for mobile banking, complete with roving workers, with the goal of drawing attention to the significance of mobile phones as the principal way of conducting financial transactions, followed by physical locations.

REFERENCES

1. OECD (2020). Advancing the Digital Financial Inclusion of Youth [Online]. Available from https://www.oecd.org/finance/advancing-the-digital-financial-inclusion-of-youth.htm
2. Elrahman A, Ali ES. Empowering Women through Financial Inclusion: Some Evidence from Comoros.

3. Shetty S, Hans V, Rao P. Self Help Groups, Financial Inclusion and Women Empowerment–A Critique. Prakasha, Self Help Groups, Financial Inclusion and Women Empowerment–A Critique (September 17, 2015). 2015 Sep 17.
4. USAID (2014). India Digital Financial Inclusion [Online]. Available from https://www.usaid.gov/sites/default/files/documents/15396/mSTAR_IndiaDFI_Report_DRAFT_FINAL.pdf
5. G20 GPFI. 2015. "Digital Financial Solutions to Advance Women's Economic Participation*.*" Report, Global Partnership for Financial Inclusion [Online]. Available from https://www.gpfi.org/publications/digital-financial-solutions-advance-womens-economic-participation
6. Alliance for Financial Inclusion. 2016. "Policy Frameworks to Support Women's Financial Inclusion". Women's World Banking. March. [Online]. Available from https://www.afi-global.org/sites/default/files/publications/2016-08/2016-02-womenfi.1_0.pdf
7. Swamy V. Financial inclusion, gender dimension, and economic impact on poor households. World development. 2014 Apr 1; 56: 1–15.
8. Beck T, Behr P, Guettler A. Gender and banking: are women better loan officers?. Review of Finance. 2013 Jul 1; 17 (4): 1279–321.
9. Gautier TT, Luc NN, Djimoudjiel D. Dynamic Analysis of Determinants of Financial Inclusion in Cameroon.
10. RBI annual report 2016–17; *Enabling digital financial inclusion for rural women: emerging findings from India*; table IV.4.
11. Beck T, Behr P, Madestam A. Sex and credit: Do gender interactions matter for credit market outcomes?. Journal of Banking & Finance. 2018 Feb 1; 87: 380–96.
12. Suri, Tavneet, and William Jack. 2017. "Mobile Money." Annual Review of Economics, vol. 9: 497–520.
13. Kumari DA, Ferdous AS, Klalidah S. The impact of financial literacy on women's economic empowerment in developing countries: A study among the rural poor women in Sri Lanka. Asian Social Science. 2020; 16 (2): 31–44.
14. RBI 2021; "RBI on Financial Inclusion." [Online]. Available from https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=20502
15. Mandell L, Klein LS. Motivation and financial literacy. Financial services review. 2007 Jun 1; 16 (2).
16. PubDocs 2014 "Global Findex Database 2014: Measuring Financial Inclusion around the World" [Online]. Available from https://thedocs.worldbank.org/en/doc/681361466184854434-0050022016/original/2014GlobalFindexReportDKSV.pdf
17. Pitcaithly LA, Biallas MO, Japhta R, Murthy P. Research and literature review of challenges to women accessing digital financial services.
18. Bhatia S, Singh S. Empowering women through financial inclusion: A study of urban slum. Vikalpa. 2019 Dec; 44 (4): 182–97.
19. ICRW, (2017); "Gender and digital financial inclusion: International Center for Research on Women." [Online]. Available from https://www.icrw.org/wp-content/uploads/2017/11/Gender-and-digital-financial-inclusion.pdf
20. Tashtamirov M, Magomaev T, Abdulaev M. Digital financial accessibility of regions with the lowest level of banking development. InAIP Conference Proceedings 2021 Dec 13 (Vol. 2442, No. 1, p. 040007). AIP Publishing LLC.
21. CGD 2019 "Primary Education Stipends in Bangladesh: Do mothers prefer Digital payment over cash" [Online]. Available from https://www.cgdev.org/publication/primary-education-stipends-bangladesh-do-mothers-prefer-digital-payments-over-cash
22. Omar MA, Inaba K. Does financial inclusion reduce poverty and income inequality in developing countries? A panel data analysis. Journal of economic structures. 2020 Dec; 9 (1): 1–25.
23. GPFI, 2020. "Advancing Women's Digital Financial Inclusion" [Online]. Available from https://www.gpfi.org/publications/advancing-women-s-digital-financial-inclusion

24. GSMA 2014 "Digital Inclusion Report" [Online]. Available from https://www.gsma.com/mobilefordevelopment/resources/digital-inclusion-report-2014/
25. Wiley Online Library "Globalization and Educational Policy Making: A Case study" [Online]. Available from https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1741-5446.2000.00487.x
26. G20 GPFI. 2015. "Digital Financial Solutions to Advance Women's Economic Participation." [Online] Available from http://www.g20.utoronto.ca/2015/Digital-Financial-Solution-to-Advance-Women....pdf

