

Financial Inclusion in Some Selected South Asian Countries: Measuring Gender Disparity in Account Ownership

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Abstract

At the world level, account ownership has reached 76 per cent of the universal population, of which 71 per cent are from developing countries. The average account ownership rate in developing economies rose by eight percentage points, from 63 to 71 per cent, between 2017 and 2021. Further, the gender gap in developing economies in account ownership has shrunk from its long-standing level of 9 to just six percentage points. Millions of individuals around the world are still unbanked despite this development. This study's primary goal is to evaluate the gender gap in account ownership in South Asian nations. The paper has investigated 6 of the nine South Asian countries polled in 2011, 2014, 2017, and 2021. The study has used secondary data from the Global Findex Database.

Keywords: [Global Findex Database, Account Ownership, Gender Gap, Developing]

Introduction

The World Bank (2018) defines financial inclusion: "Individuals and businesses have access to useful and affordable financial products and services that meet their needs like transactions, payments, savings, credit, insurance which are delivered in a responsible and sustainable way." The key to enabling men and women to use financial services in a way that supports development is account ownership, the core indicator of financial inclusion. Account holders can send, receive, and store money, allowing them to invest in their health, education, and businesses. Account holders can do this whether their accounts are with a bank or a regulated institution like a credit union, microfinance institution, or mobile money service provider. It is simpler for account holders to rely on savings or borrow money from friends or family in the case of a financial emergency, such as a loss of income or crop failure. It equips the account holders with a better way to avoid falling into poverty. Instead, people without an account must manage their money using informal mechanisms, which may be less secure, less dependable, and more expensive than formal methods. Evidence suggests that households and businesses with access to financial services like payments, savings accounts, and credit are better able to withstand financial shocks than their counterparts. In 2021, 76 per cent of adults held an account with a bank or other regulated organisation.

Account ownership climbed from 51 to 76 per cent of adults worldwide in the ten years from 2011 to 2021. In

developing economies, the average account ownership rate rose by eight percentage points between 2017 and 2021, from 63 to 71 per cent of the adult population. The growth in Sub-Saharan Africa is primarily attributable to the uptake of mobile money. Numerous developing economies have experienced a recent increase in account ownership. However, it is concentrated primarily in China or India. Despite this progress, gaps exist in financial services for the underserved sections of society, such as women, the poor, and those with lower levels of education. For instance, the gender disparity in account ownership across developing economies stands at six percentage points. Saving money and accumulating savings is safe with accounts.

Additionally, savings make transferring or receiving remittances, paying bills, obtaining credit, and making purchases simpler. Account ownership in the 123 economies surveyed ranged from 6 per cent in South Sudan to 100 per cent in high-income economies like Canada, Germany, and the United Kingdom. Account ownership in India increased from 35 per cent in 2011 to 78 per cent in 2021. The Indian government introduced biometric identity cards to increase adult non-banking account ownership in 2014, which partially helped increase account ownership.

Over longer periods, some economies saw significantly smaller growth. For instance, Pakistan's growth over the past ten years was only 11 percentage points, going from 10 per cent in 2011 to 21 per cent in 2021. The sources of account ownership growth worldwide

have likewise evolved and grown in recent years. Account ownership in 62 out of 123 economies increased by more than five percentage points between 2017 and 2021, including more than ten percentage points in 34 economies. In contrast, a rapid expansion of 27 percentage points in account ownership took place in India between 2014 and 2017. Account ownership increased by eight percentage points in developing economies over the same period, rising from 55 per cent in 2014 to 63 per cent in 2017. Account ownership, excluding India, increased merely by 3 per cent, from 55 to 58 per cent, from 2014 to 2017. For example, 186 of the 467 million newly banked individuals in developing economies in 2017 lived outside of India, but 527 million of the 567 million newly banked adults in developing economies in 2021 did. Seventeen developing economies provided 284 million of the additional increase in recent years.

Literature Review

Balasubramanian et al. (2018) studied that their status as landowners significantly influences women's demand for and use of essential financial services. According to the findings, formal account ownership and savings strongly associate with land ownership by women alone, but formal and informal credit does not. Women are more likely to use formal credit when a family member, particularly a man, supports them. Credit was denied to women when they did not own any land, regardless of the wealth quintile to which they belonged. Additionally, the results demonstrate that women in higher wealth quintiles are more active credit seekers.

Chaudhuri et al. (2020) investigated the impact of owner gender on firm performance and institutional loan access using a large dataset on micro, small, and medium-sized businesses in India. The study discovers a considerable underperformance in female-owned firms' size, growth, and efficiency. Their findings further support the idea that women-owned businesses face disadvantages in the market for small-business loans, which is consistent with the data in the body of research. According to these findings, closing the performance difference between male- and female-owned businesses may be possible partly by eliminating gender discrimination in the small company lending market.

Aterido et al. (2013) examined if there is a gender gap in Sub-Saharan Africa regarding the use of financial services by enterprises and people. They revealed the existence of an unconditional gender gap by pointing out that men utilise financial services on average more

than women. However, gender disparity vanishes in the case of critical observable traits of businesses or people. Female-owned businesses are smaller, younger, and less likely to be sole proprietorships than their male counterparts. In addition, they are more likely to innovate and are more common in industries that rely less on access to outside financing. These differences in key characteristics and a potential selection bias help us to explain our findings in the case of businesses. In the case of individuals, gender differences in other aspects of the usage of financial services, such as their lower level of income and education, as well as their household and work status, can be used to explain why women use formal financial services less frequently. Investigating why people choose not to apply for banking or are not banked reveals that traditional bank barriers, such as higher interest rates, and a lack of a formal job or source of income, are more restrictive for women than for men. This shows that there is neither an intrinsic lower demand for women nor discrimination based on preference, depending on their observable qualities.

Globally, around 1.7 billion adults (31 per cent of adults) do not have a basic transaction account, and nearly half of these unbanked persons are women from low-income households in rural regions, according to the World Bank's 2018 report on financial inclusion. In order to analyse 13 of the 16 West African countries polled in 2011, 2014, and 2017, this study used secondary data from the Global Findex Database. The study found unequal distribution in ownership of accounts by gender. Women in all West African nations had lower financial inclusion than their male counterparts, and this discrepancy in official account ownership only widens with time (Mbah, 2020). Mobile devices can improve patient-provider communication, expand access to health information, and affect the kind and standard of healthcare. There is little data on the gender disparity in mobile phone ownership. No attempts were made to connect female phone ownership to practises for reproductive, maternal new born and child health (RMNCH) or care-seeking. In 15 countries where phone ownership data from demographic and health surveys are available, this analysis intends to evaluate household and women's access to phones and its effects on RMNCH health outcomes. The factors influencing women's phone ownership and the correlation between phone ownership and various RMNCH indicators were investigated using multilevel logistic regression models (E LeFevre et al., 2020).

Nandru et al. (2016) investigated how having a bank account and using banking services affect financial inclusion. The study took ownership of bank accounts as the dependent variable and the income level, age, gender, employment position, and education level as independent variables. Based on a field inquiry of the Union Territory of the Pondicherry region of India, the study surveyed the respondents using a structured questionnaire. The findings show that income level and education significantly affect financial inclusion, as shown by bank account ownership.

Objective

This paper evaluates the gender gap in account owner-

ship in South Asian countries.

Research Question

Does the gender gap exist in account ownership in South Asian countries?

Methodology

The study is based on secondary data. The Bill & Melinda Gates Foundation developed the Global Findex database, published every three years since 2011, and this study has used the raw data from that database. This study's population is South Asian countries (9 countries), and the sample size is limited to the south Asian countries (6 countries) included in the Global Findex database for 2011, 2014, 2017 and 2021.

Results and Discussion

Table: 1 Gender Distribution in Account Ownership in South Asian Countries

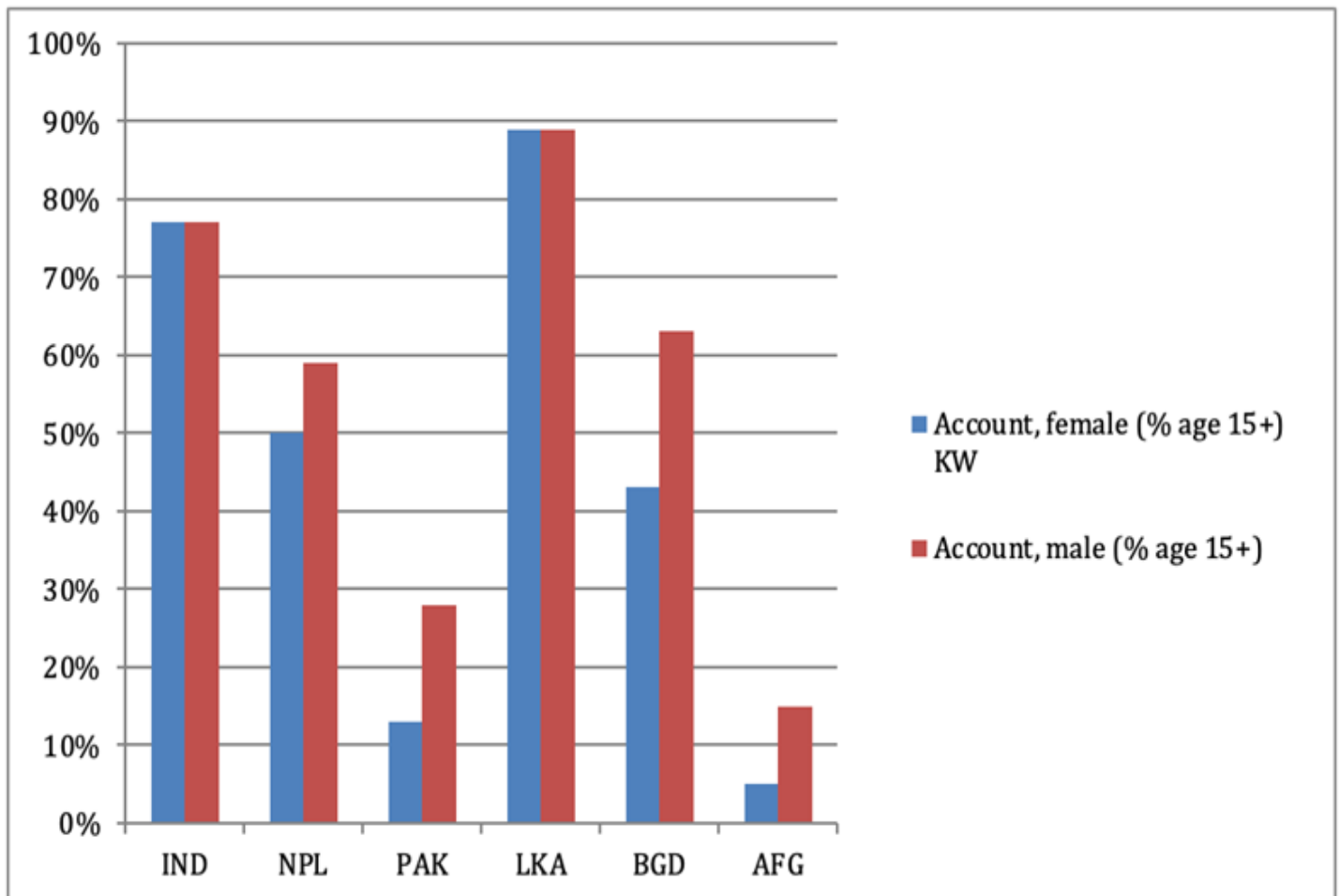
Country	Survey year	Account, female (% age 15+)	Account, male (% age 15+)	Difference between male and female
India	2011	26	44	18
	2014	43	62	19
	2017	77	83	6
	2021	77	77	0
Nepal	2011	21	30	9
	2014	31	37	6
	2017	42	50	8
	2021	50	59	9
Pakistan	2011	3	17	14
	2014	5	21	16
	2017	7	35	28
	2021	13	28	15
Sri Lanka	2011	67	70	3
	2014	83	82	-1
	2017	73	74	1
	2021	89	89	0
Bangladesh	2011	26	37	11
	2014	26	35	9
	2017	36	65	29
	2021	43	63	20
Afghanistan	2011	3	15	12
	2014	4	16	12
	2017	7	23	16
	2021	5	15	10

Source: The Global Findex Database, 2021

The table above demonstrates unequivocally that gender differences in account ownership persist across all South

Asian nations. Surprisingly, the statistics suggest that as time passes, the disparity between men and women in access to formal accounts widens even further. In India, the difference in account ownership was 18 per cent in 2011. It rose to 19 per cent in 2014 and then decreased to 6 per cent in 2017. The difference became zero in 2021. Furthermore, in Pakistan, this difference was 14, 16, and 28 per cent in 2011, 2014 and 2017, respectively. It decreased to 15 per cent in 2021. In Sri Lanka, the difference in account ownership was 3, -1 and 1 per cent in 2011, 2014, and 2017, respectively. This difference was over in 2021. In Bangladesh, this difference was 11, 9, and 29 per cent in 2011, 2014, and 2017, respectively. It got reduced to 20 per cent in 2021. Similarly, in Afghanistan, it was 12 per cent in 2011, increasing to 16 and 10 per cent in 2017 and 2021, respectively.

Figure 1: Gender Disparities in Account Ownership in South Asian Countries in 2021



Sources: Calculated from Global Findex Database 2021.

The figure shows the disparity in account ownership between men and women in 2021. India and Sri Lanka revealed zero inequality in 2021. Inequality remains in the rest of the South Asian countries. This difference is 9, 15, 20 and 10 per cent in Nepal, Pakistan, Bangladesh and Afghanistan, respectively.

Conclusion

Despite the years' worth of conversations about the promotion of gender equality, our table demonstrates that disparity has increased, particularly in developing nations. The difference between account ownership in South Asian countries kept changing over time.

In 2021, this difference became zero in India and Sri Lanka, while it existed in other countries. According to this study, there is a gender gap in formal account ownership, women in South Asian countries are less financially involved than males, and this gender gap in formal account ownership widens with time. However, this study is only limited to some selected South Asian nations and uses only gender as a variable to assess account ownership discrepancy. Income inequality in account ownership and other areas of Asia may be the focus of future research. Financial inclusion increased to a great extent in 2021 as compared to 2011. Nevertheless, financial inclusion is still low in some countries.

Furthermore, the difference between men and women still exists.

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