

Digital Financial Services and Women's Economic Empowerment

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Women's economic empowerment

UN Women (2018) summarizes women's economic empowerment

- Women's ability to participate equally in existing markets
- Their access to and control over productive resources
- Access to decent work
- Control over their own time, lives and bodies
- Increased voice, agency and meaningful participation in economic decision-making at all levels from the household to international institutions.

We broadly summarize these as the ability to implement outcomes that reflect women's preferences

How to increase women's economic empowerment? One way

- Households bargaining models (e.g., Manser and Brown, 1980; McElroy and Horney, 1981) theorize that household decisions are a function of each household member's bargaining power
- Bargaining power determined in large part by each member's outside option
 - Utility each member would have if they terminated the relationship
- So the key question is whether digital financial services (DFS) increase women's outside options

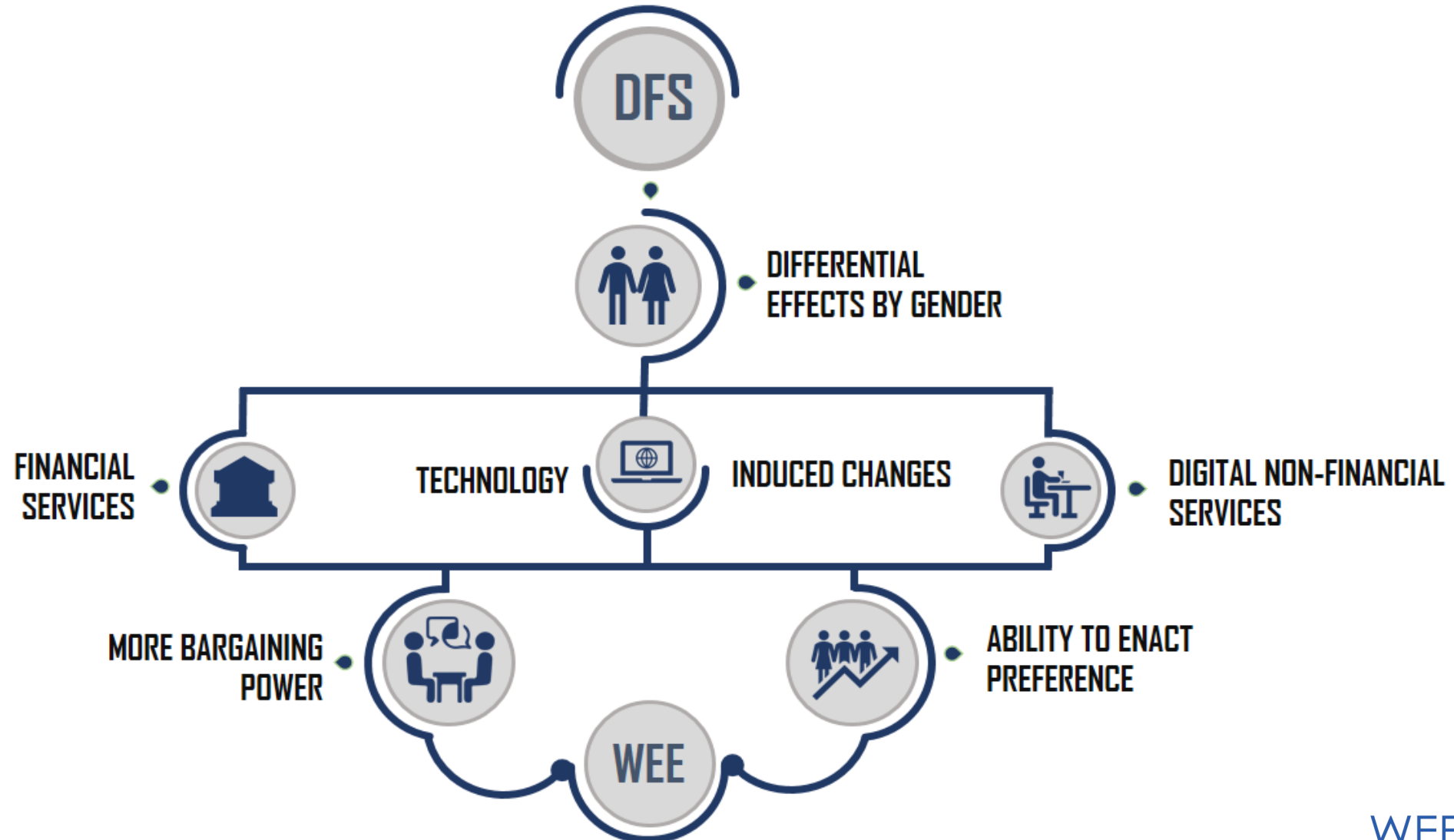
How might DFS increase a woman's outside option? Potential channels

- DFS may increase a woman's ability to access financial services from home. Important when
 - Women's mobility is constrained by safety concerns or social norms
 - Women have less time to access traditional financial services than men do
- If women are discriminated against in traditional financial institutions, DFS could increase access to finance
 - If it can be implemented in a way that reduces or eliminates such discrimination.
- DFS could allow women to more safely save and transact money.
- DFS could allow better access to risk sharing networks for women who lose access to traditional risk sharing networks (Jack and Suri, 2014)

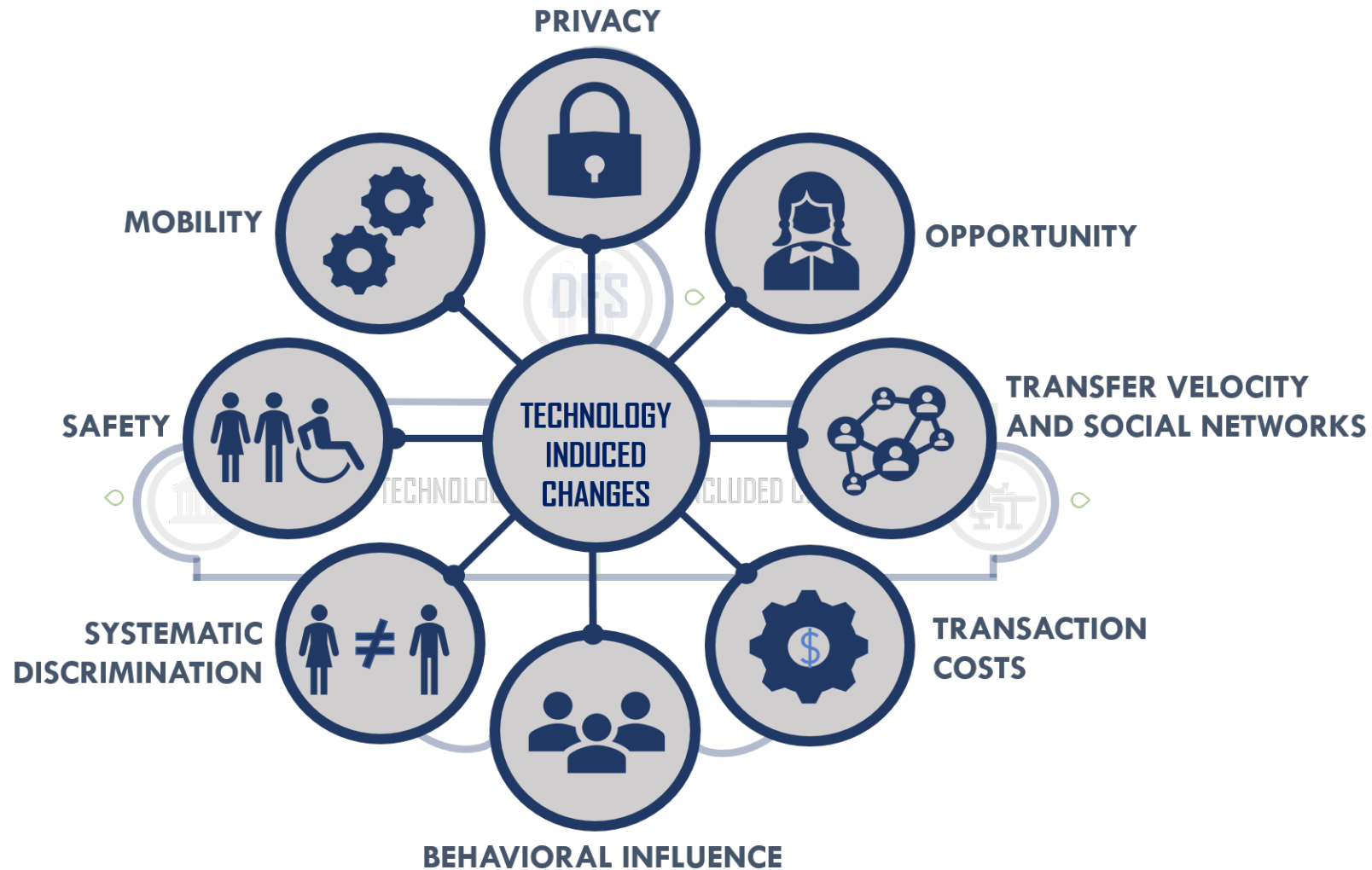
How to increase women's economic empowerment? Another way

- Outside options are important for household outcomes, but so are
 - each household member's choice set
 - each household member's bargaining ability
 - the transaction costs of enacting different outcomes
- E.g., consider a household bargaining model with partial pooling (e.g. Kabeer, 1997). Women's control of money related to their ability to keep money private.
 - Though welfare consequences ambiguous. E.g. Ashraf, Field, and Lee (2014)
- Some effects of DFS don't obviously match up to an outside option channel
 - E.g. Riley (2020). Disbursement of microfinance through mobile money increases women's business profits by 15%

Linking DFS and Women's Economic Empowerment



Technology-induced changes



Does DFS increase women's bargaining power?

- Sometimes...
- Aker et al (2016): social safety-net transfers conducted via mobile money in Niger resulted in more diverse diets and increased child feeding
 - Argue in favor of bargaining power channel, though no treatment effects on women's self-reported control over how to use the transfer
- Bastian et al (2018): in Tanzania, digitizing microfinance did lead to increase in women's self-reported participation in household decision-making
- Schaner (2017): issuing ATM cards to women in Kenya resulted in *less* control over their savings

Labor supply and occupational mobility

- Suri and Jack (2016): M-Pesa expansion in Kenya lead women in particular to switch from farming to business
- Lee et al (2019): digital financial services provided to migrant workers in Bangladesh increased women's work hours
 - Worse outcomes on health of those in garment factories
- Control of income channel
 - Field et al (2020): depositing women's NREGA earnings in a bank account increased labor supplied to both NREGA and other jobs

Opportunity cost of time and access to support network

- Lots of gender-neutral evidence on...
- Opportunity cost of time. DFS lead to less time spent collecting
 - NREGA payments in India (Muralidharan et al., 2016)
 - Public transfers in Niger (Aker et al, 2016)
 - Salary in Afghanistan (Blumenstock et al, 2015)
- Transfers. More efficient risk-sharing in
 - Rwanda (Blumenstock et al, 2016)
 - Tanzania (Riley, 2018)
 - Migrant households in Bangladesh (Lee et al, 2019)
 - Mozambique (Batista and Vicente, 2020)
- But generally unknown whether these effects differ by gender

Privacy channel

- Privacy important in intra-household bargaining
 - e.g., Ashraf, 2009; Castilla and Walker, 2013; Duflo and Udry, 2004; Doss, 2006; Morawczynski and Pickens, 2009; Ashraf et al., 2014; Doepke and Tertilt, 2019
- Riley (2020) finds effects of mobile disbursement of microfinance driven by women who report high sharing pressure at baseline
- Whereas privacy didn't seem to be important in Aker et al (2016): most respondents spent transfer all at once.
- Promising avenue for future evidence

Some conclusions

- Lots still to learn!
 - Gender-disaggregated treatment effects
 - Mechanisms particularly relevant to women
- A complementary question: women's economic empowerment as a channel to other outcomes
 - Spending on children (Duflo and Udry, 2004; Qian, 2008; Atkin, 2009),
 - Although this finding is not universal (Akresh et al., 2016)
 - Some worries about downsides to women
 - Stress (Ashraf, Field, and Lee, 2014)
 - Intimate Partner Violence (Anderson and Eswaran, 2009; Luke and Munshi, 2011; Anderson and Genicot, 2015; Erten and Keskin, 2018)