

# 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

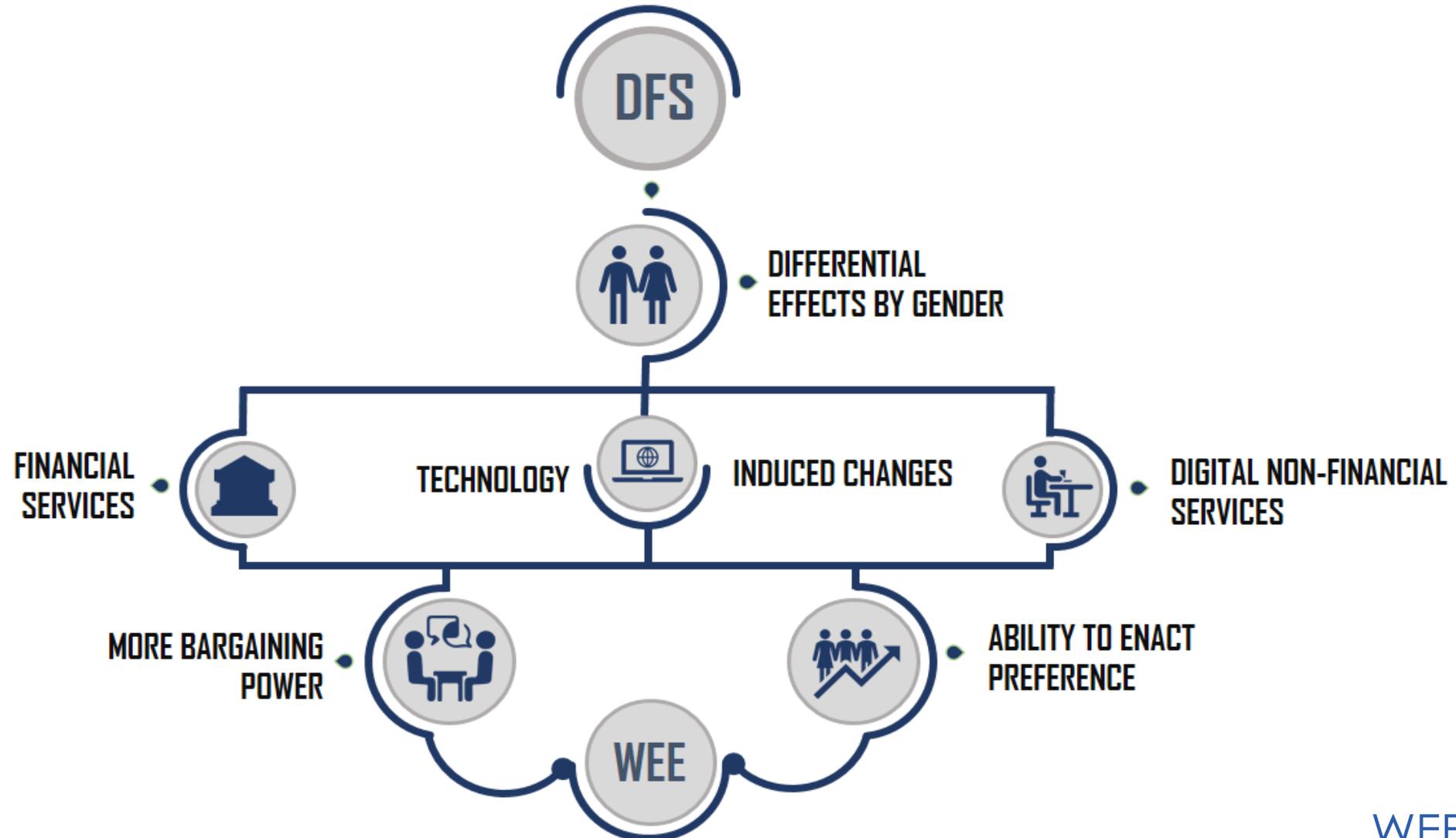
# How might DFS increase a woman's outside option? Potential channels

- 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)

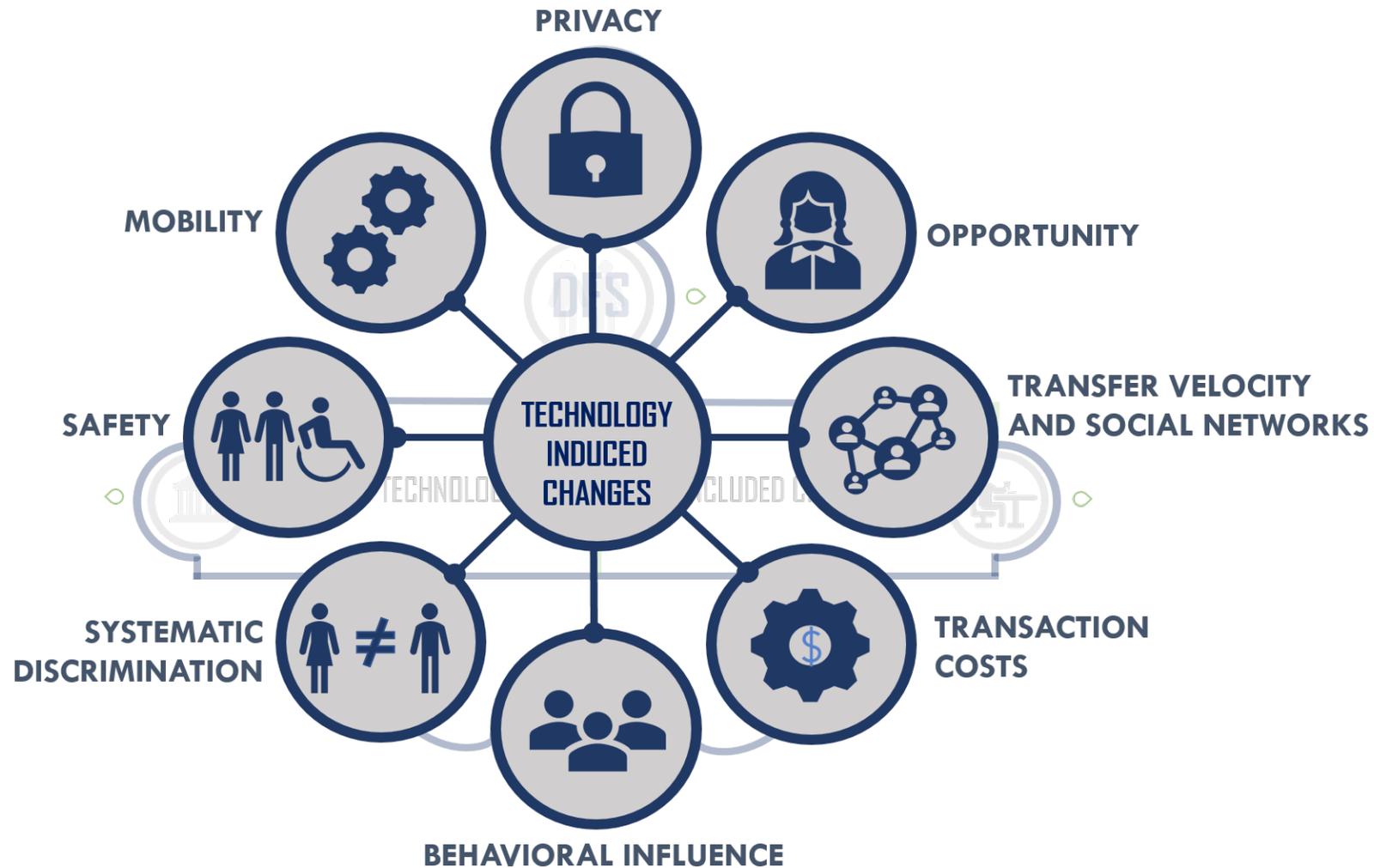
# How to increase women's economic empowerment? Another way

- 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)