

How Collectives Can Enable Digital Financial Inclusion for Women

The future of financial agency for women in a post-COVID-19 environment

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A gendered perspective to the barriers in accessing financial agency

Financial inclusion is the first step to enable access and participation of individuals in the financial sector. In the time of a global pandemic when the economy is suffering set-back, the need for financial inclusion has become increasingly glaring.

Women have struggled with financial inclusion even in the pre COVID-19 environment. 43% of women have dormant bank accounts and 23% of women in India have no bank accounts. Their access and agency to attain financial literacy is restricted by a variety of reasons specific to their socio-cultural circumstances and/or geography. In addition, the post COVID-19 environment has only created a new array of challenges for women to tackle, especially with respect to social infrastructure, which has largely become digitally driven, be it telehealth or online education.

Some of the barriers that increase this burden were discussed at a session hosted by Sattva Consulting at Charcha 2020, organised by The/Nudge Foundation on 'building financial agency for women in a post-COVID-19 environment'. The panellists discussed issues with financial inclusion through digital platforms which begin right at the root of lack of access to resources, whether smartphones or internet connections.

A move to digital platforms does not preclude collective models like Self Help Groups (SHGs) and Joint Liability Groups (JLGs). Instead, it provides food for thought on how one can leverage collectives, a proven model for delivery in a pre-COVID environment, to be the driver of financial inclusion for women in the new digitally dominant world. There is demonstrated value in collectives - for relationship building, business opportunities, advice, solidarity and networking, all of which can be leveraged into creating enabling environments for women to become financially secure.

Given the many demonstrated values of SHG and JLGs, it would be beneficial for the many stakeholders such as the government, CSOs, and private players like ed-tech and financial tech-platforms to invest in the collectives' model and add them to the fabric of solution building for digital financial inclusion of women.

Collectives: a proven concept of the ideal agency

Approximately 67 million Indian women are organised into 6 million SHGs. As of today, these collectives have saved \$1.4 billion and leveraged another \$37 billion from commercial banks. The evidence of SHGs liberating women is in line with Sattva's findings, which highlights the effectiveness of collectives at being able to drive access to credit, entitlements, and providing market access. The collectives' model provides the following advantages in easing women into the digital financial fold:

1. **A community interaction channel** which reaches the last mile even during a crisis.
2. **Build solidarity and networks** (social and economic)
3. **Share and pool risk** (for women that are generally risk averse)
4. Act as lateral platforms where women are aggregated, and **enable participatory learning and skill development.**
5. **Protect women leadership** and **build their ability to overcome traditional hierarchies**

Sattva finds SHGs are typically scalable if there is strong social infrastructure supporting them. There is a role for external players to provide an infusion of technical support (entrepreneurial training, financial linkages, specialised financial products) with an undertone of potential for these collectives to become self-driven and self-governed by women.

Collectives: a vehicle to pave a digital bridge to financial inclusion and agency

Collectives are also able to build resilience for women and insulate them from the shock of a crisis; which is especially critical in these current circumstances. Collectives have pivoted quickly as a means of livelihood; in over 90% of India's districts, SHG women are producing facemasks, running community kitchens, delivering essential food supplies, sensitizing people about health and hygiene and combating misinformation.

However, given the circumstances, these collectives cannot necessarily operate or be financially supported in traditional ways. Collectives can be the vehicle that is leveraged to achieve financial empowerment outcomes for women, but in order to achieve these most effectively, collectives and the organisations that work to support them will have to switch to digital financial tools in the current climate. Apart from increased ease of access to low cost, formal financial products and services, different kinds of digital tools can provide other enablers crucial to these empowerment outcomes:

- **digital resources** provide technical training and act as platforms for payment, communication & marketing to enable information sharing, which can be especially important for collectives, for example PayTm and Whatsapp
- **digital enablers** can provide operational support, looking at digital data collection, storage and analysis, such as the management app mAye

- **digital mediums** can create linkages to larger markets, create markets for niche products and provide flexibility in time and mobility

Financial inclusion and Agency for Women: How do we move forward?

In order for women's collectives to most effectively engage with digital tools to increase financial empowerment outcomes for women, collectives require significant support from the ecosystem. We highlight approaches key stakeholders can take to strengthen digital channels for women's collectives to utilise, along with strengthening the collectives' ability to use digital channels:

Government:

- Working with and incentivising telecommunications service providers to improve infrastructure in rural areas and in Tier 2 and 3 cities
- Creating institutional components (such as trainers embedded into NRLM or CSCs for logistics and business support) to help women's collectives build capacity to engage with digital tools to improve financial agency
- Working with banking platforms/institutions to bring women borrowers into the fold, otherwise government schemes don't always reach them

CSOs:

- Providing innovative trainings (e.g. Mann Deshi is using 30 second voice recordings, which is especially useful for those that don't own smartphones) that move beyond technical knowledge and focus on digital and functional literacy
- Engaging women, their families, and their communities on the necessity of financial agency and how digital can enable it (ensuring women have access to phones, etc.)

Private players:

- Ensuring that the collective structure can be enabled digitally by providing digital touchpoints (e.g. Dvara organising calls between their agents and all members of a particular collective)
- Providing access to credit and working capital by facilitating loans from financial institutions

The importance of enabling financial inclusion has taken front seat during COVID-19. Collectives hold the potential to impart digital literacy, creating an opportunity for stakeholders to address and invest in this structure. Hence, the ecosystem can once again leverage the demonstrated value of collectives to build a sustainable model for financial inclusion.

Aarti heads the Research, Advisory and Programmes practices at Sattva, which informs better decision-making, programmatic design and action in the sector. Aarti brings over 12+ years of experience spanning consulting, research, content creation and strategic advisory at Sattva. Aarti has led several the creation of several flagship

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She leads multiple engagements with foundations and the government to maximise impact, including the strategic advisory and long-term research engagements with Bill and Melinda Gates Foundations. She has also spoken and curated discussions at leading national and international conferences. Aarti has a degree in computer engineering from BITS, Pilani and is an alumnus of the Management Programme for Women Entrepreneurs (MPWE) at IIM-Bangalore.

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Sattva has been working with various corporates, non-profits and social organisations to help them define their social impact goals. Our focus is to solve critical problems and find scalable solutions. We assist organisations in formulating their long-term social impact strategy by strategically aligning with business to provide meaningful solutions to social issues.

We'd love to hear your thoughts and feedback on this topic. Do write to us: impact@sattva.co.in