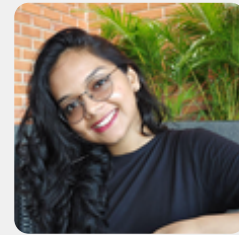


The Hidden Cost of Financial Inclusion



KID: 20240221

Financial inclusion is often considered a crucial step toward women’s economic empowerment. Globally, women’s access to banking, credit, payment, and savings has been widely proclaimed as a means to enhance their financial autonomy and ability to save, invest, and make independent financial decisions. In India, the launch of initiatives like ‘Pradhan Mantri Jan-Dhan Yojana’ (PMJDY) and ‘UPI for Her’ has helped in enhancing women’s bank account ownership and access to digital financial services. However, whether greater financial inclusion reduces women’s vulnerability to intimate partner violence (IPV) or increases their risk within their homes remains an unsolved puzzle. Recent work from my dissertation uses the latest round of the National Family Health Survey (NFHS-5) to investigate this question.

Why Would Financial Inclusion Decrease or Increase IPV?

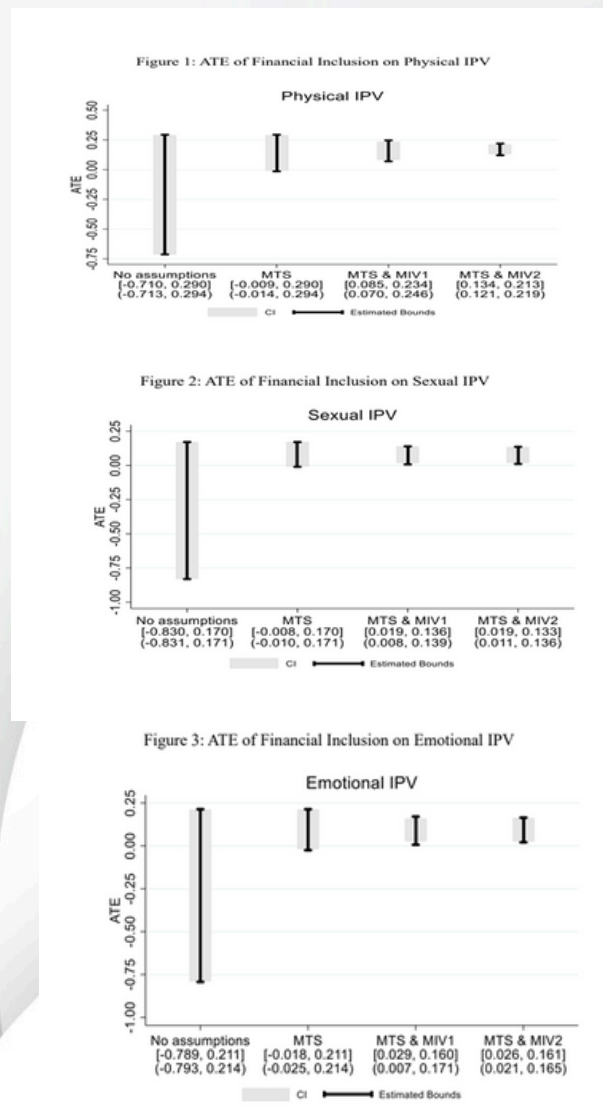
The link between financial inclusion and IPV isn’t as straightforward as one might think. Women’s utilization of financial resources should provide them economic security, increase their bargaining power at home, and give them an option to exit from abusive relationships. However, in patriarchal societies, women’s financial inclusion can lead to the disruption of existing power dynamics within the household, triggering a male backlash. Social conditioning, in such societies, has long defined a woman’s role as that of a caregiver and homemaker, and when she gains financial independence, she may feel the pressure to overcompensate in other ways. Thus, many women battle internalized guilt for deviating from traditional gender expectations. In addition to this, financial inclusion can expose women to instrumental use of violence, where husbands use violence as a tool to extract money or restrict women’s labor market opportunities.

What the Data Tells Us

Our study estimates the causal impact of women’s financial inclusion on their exposure to physical, sexual, and emotional IPV. The findings are alarming. Women who are financially included—meaning women’s utilization of bank accounts, mobile money, or coverage by health insurance—are more exposed to IPV than those who are financially excluded. To be specific, financially included women are at least 8.5 percentage points (p.p.) more likely to experience physical IPV, 1.9 p.p. more likely to face sexual IPV, and 2.9 p.p. more likely to face emotional IPV than financially excluded women. Our findings also suggest that this increase is driven by violations of patriarchal gender norms, women’s internalized guilt, and husbands’ instrumental use of violence.

Rethinking Financial Inclusion: The Way Forward

Financial inclusion should not come at the cost of women’s safety. To ensure that financial empowerment truly benefits women, targeted interventions must address the social norms and gender biases that perpetuate IPV. Gender-sensitive financial literacy programs that include men in conversations about shifting traditional gender roles, adolescent education programs that challenge gender biases from an early age, media-based interventions that promote gender-equitable messaging, and positive female role models can help reshape the deep-seated patriarchal beliefs that normalize violence against women. Only then can financial inclusion be the tool for empowerment that it is meant to be.



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