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MICROFINANCE, FINANCIAL INCLUSION & WOMEN EMPOWERMENT

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ABSTRACT

One strategy for promoting economic growth in the nation is microfinance, which is made possible by financial inclusion across all societal segments. To give a considerable proportion of society's vulnerable groups a financial safety net for survival as well as social empowerment, financial inclusion entails the extension of banking or financial services at an accessible cost. The majority of women in India, where they make up 48.53 percent of the population overall (according to the 2011 census), are denied opportunities and rights because of their financial dependence. This study examines how microfinance and financial inclusion can empower women by examining past research material, survey results, and creating a hypothetical model. One of the most significant hurdles to inclusion is a lack of trust in a formal bank or financial institution channel as a result of a lack of information. Microfinance offerings empower women by allowing them to earn cash via a variety of entrepreneurial activities.

Keywords: Microfinance, Financial Inclusion, Women Empowerment.

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INTRODUCTION

The financial system becoming more and more competitive over time, and new strategic applications seeking greater efficiency have emerged. As a result, many financial decisions are currently centered on identifying and preserving components that significantly enhance value, while those that do not deliver the profitability that the market demands are "excluded" from consideration.

To give a sizable portion of society's vulnerable groups a financial safety net for livelihood as well as social empowerment, financial inclusion entails the extension of banking and financial services at an accessible cost. The majority of women in India, where they make up 48.53 percent of the population overall (according to the 2011 census), are denied opportunities and rights because of their financial dependence. To promote financial inclusion, the government has provided funding to self-help groups and institutions that offer microloans. to provide women with financial independence, boost their self-esteem, and obtain respect in the roles that society has placed them in. A well-designed microfinance program is viewed as an effective institutional tool for encouraging socioeconomic development of financially deprived sectors of society, particularly women, in the context of developing countries. Due to a shortage of assets that can be used as security, women generally have trouble acquiring institutional credit. It has been demonstrated that microfinance programs throughout Asia and the Pacific are successful in assisting the most disadvantaged and vulnerable sections of society. In these continents, low-income women make up over 62 percent of those who are covered by these programs (Maes & Reed, 2012).

The determinantal factors for successful financial inclusion are categorized into the demand and supply sides of financial inclusion. The key determinants of successful financial inclusion as mentioned above are Penetration, Income adequacy, Financial literacy; on the demand side and whereas Trust, Technology, Accessibility, Perceived benefits Availability, and Outreach are on the supply side of financial inclusion. The following section discusses the meanings of these factors and the relationship intended to examine is mentioned below.

DETERMINANTS OF FINANCIAL INCLUSION

The ability of a bank or financial institution to provide the required knowledge and assistance to clear consumers' doubts and bring them under the umbrella of financial inclusion is referred to as outreach (Chattopadhyay, 2011; Paramasivan & Ganeshkumar, 2013).

The extent to which a bank could provide financial services and products to the entire segment is referred to as penetration. It could be demographic depth, cultural depth, or any other depth that is impeding financial inclusion. Penetration is a critical factor in the development of water markets, which has an impact on financial inclusion (Kelkar, 2010).

The availability or lack of adequate infrastructure for providing financial products and services to all individuals is a significant contributor to financial inclusion or exclusion. Shankar (2013) discussed the access barriers to financial inclusion and the lack of financial products that result in the exclusion of certain groups in her study

Accessibility refers to physical factors such as the distance between bank branches, ATMs, and necessary documentation, among many others (Paramasivan & Ganeshkumar, 2013). Access to cheap banking services and innovation in a developing nation can result in total financial inclusion (Shafi & Medabesh, 2012). Access to financial services promotes inclusion (Kelkar, 2010), and access to financial services economically empowers individuals (Lal, 2017).

The technological aspect of financial inclusion includes new banking technologies such as online and mobile banking financial services, on which more reliance has been placed to improve access to financial services (Kabakova & Plaksenkov, 2018). Even social media has a significant impact on financial service access and utilization (Bongomin et al., 2017).

In their studies, Ramakrishna and Trivedi (2018) and Rastogi and Ragabiruntha (2018) identified technology as a key and positively influencing factor of financial inclusion. The technological aspect of financial inclusion includes new banking technologies such as online and mobile banking financial services, on which more reliance has been placed to improve access to financial services (Kabakova & Plaksenkov, 2018). Even social media has a significant impact on financial service access and utilization (Bongomin et al., 2017).

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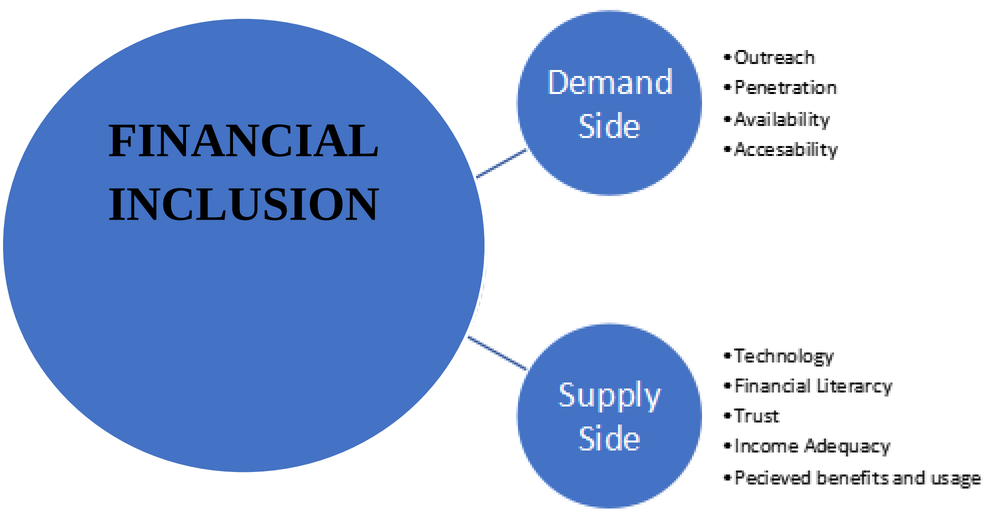
The degree to which families and people are informed or aware of the knowledge necessary to make informed financial decisions is referred to as financial literacy. In their study, Kabakova and Plaksenkov (2018) determined that financial literacy is a deciding factor between inclusion and exclusion.

The perceived benefits that an individual feels when they can obtain financial services whenever they need them are critical from the standpoint of financial inclusion (Anand & Chhikara, 2013). According to Iqbal and Sami (2017), the government has taken several initiatives to guarantee that the advantages of financial services are distributed to economically disadvantaged or underserved segments of society.

One of the most significant hurdles to inclusion is a lack of trust in a formal bank or financial institution channel as a result of a lack of information. Garg and Agarwal (2014) linked financial inclusion or exclusion to human factors such as religion and trust. According to Shankar (2013), a lack of confidence leads to financial exclusion.

Income has historically been a crucial element in determining financial inclusion or exclusion. Due to a lack of knowledge about legislation and regulations, low-income individuals believe that they are not eligible for financial services due to a lack of capital. Sarma and Pais (2011) assessed the influence of income, inequality, urbanization, and infrastructure on a nation's development and financial inclusion.

The following figure-1 represents the conceptual framework of the above-mentioned factors of financial inclusion.



WOMEN EMPOWERMENT

Gender equality is at the heart of human rights and a prerequisite for attaining long-term development. Strengthening women's participation in political leadership and decision-making is critical for the country's economic and social progress (United Nations, 2018). Political empowerment is the growth of political inclusion and the encouragement of political participation by women's rights and legitimate roles. Political empowerment may be achieved by political awareness, a position of authority, engagement in political activity, and membership in political organizations (Chatterjee et al., 2018).

Economic empowerment is the ability to participate in growth processes in a way that recognizes the value of their work and distributes wealth fairly to improve access to financial resources (OECD, 2011). Swain and Wallentin (2009) discovered that economic factors have a substantial role in women's empowerment.

Giving an individual power or authority to enhance their livelihood is referred to as social empowerment. User contact and correspondence, as well as social variety, contribute to women's empowerment (Swain & Wallentin, 2009). According to Searing and Chiappori (1998), societal pressure may also influence women's decision-making skills inside the family unit. Economic empowerment entails economic freedom, fiscal self-sufficiency, and financial literacy, which leads to knowledge and the ability to deal with financial prosperity (Postmus, 2010; Postmus, Plummer, McMahon, & Zurlo, 2013).

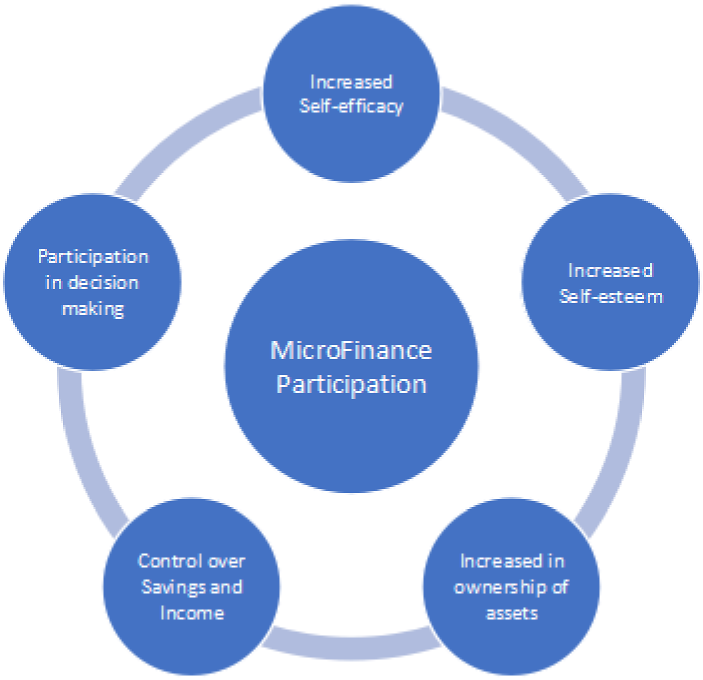
MICROFINANCE AND WOMEN EMPOWERMENT

Microfinance offerings empower women by allowing them to earn cash via a variety of entrepreneurial activities. These entrepreneurial activities boost their capacity to contribute to the support of their families, increasing women's participation in home decision-making and control over resource allocation within the household economic portfolio. Availability of credit does not always entail control and decision-making ability for female MFI members. Thus, management decision-making suggests that the woman is in charge of managing her work-related activities, as evidenced by the respondent making critical decisions in order of her income-generating activity (Swain & Wallentin, 2008).

It is thought that greater revenue from women's entrepreneurial activities would enable women to purchase and possess items that they were previously unable to purchase due to poverty or social norms. As a result, women will own their properties and assets (Chen, 1997), and their access to finance and business activities may contribute to a rise in household ownership of assets and properties (Chen, 1997).

WOMEN'S EMPOWERMENT THROUGH PARTICIPATION IN MICROFINANCE SERVICES

The following figure-2 explains how the participation of women in microfinance services can enable them to attain empowerment through various means.



As women get access to microfinance programs, these services begin to reshape and modify their lives. It is thought that expanding women's access to microfinance leads to a cascade of mutually reinforcing effects such as increased economic empowerment, greater well-being, and social, political, and legal empowerment for women (Mayoux, 2002).

Economic empowerment alters women's self-perceptions as well as the perceptions of those of them. Women begin to believe in themselves and their abilities to conduct business on their own and make decisions and choices for their enterprises and families. This suggests that using microfinance services boosts women's self-esteem and self-efficacy, leading to more active involvement in decision-making both within the home and in the community.

Self-efficacy reflects women's eloquence and confidence when speaking with strangers, people in positions of authority, children's teachers, and service providers, as well as her confidence in her ability to disagree with her partner and other relatives, and her belief that she is successful in addressing family problems (Schuler et al., 2010).

CONCLUSION

Every nation on earth must empower women to succeed and have a secure future. Financial inclusion improvises women's decision-making in economic aspects whereas microfinance can make women independent in all aspects. Women's empowerment is possible through financial inclusion and microfinance. This paper explored the hypothetical model of women empowerment through microfinance participation of women and also explained the demand and supply side of financial inclusion.

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