

On Her Account: Can Strengthening Women's Financial Control Boost Female Labor Supply?

Like in many developing countries, female labor force participation in India has remained low. "Despite robust economic growth, the labor force participation rate for women aged 15-64 declined from 37% in 1990 to 28% in 2015. In 2015, Indian women were some of the least employed in the world (ILO, 2015), yet nearly one third of Indian housewives expressed interest in working outside the home." (Field et al., 2016).

In this paper, the authors examine "the role of supply-side constraints linked to low household bargaining power and traditional gender norms in suppressing female employment." They hypothesize that "increasing women's bargaining power could draw them into the labor force and may also increase their ability to control their own earnings and thereby further induce her to work." The authors argue that social norms – specifically norms internalized by men – play an important role in keeping Indian women out of the labor force, but that women are able to push back against these norms when they gain bargaining power (Field et al., 2016).

Quick facts

Barriers addressed



Social norms

Biases that center men as financial customers
Women's disproportionate time burden
Mobility constraints

Segment focus

1 2 3 4

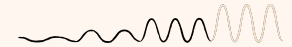
Geography

[Madhya Pradesh \(MP\)](#)
[state_india >](#)

Sources

[Field et.al, 2016](#)

Customer Journey Relevance



Key stakeholders involved

Indian state of Madhya Pradesh (MP)
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

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Key activities

- An RCT with 2,864 women in 197 local government units, called gram panchayats (GPs), in four districts of the Madhya Pradesh (MP) state with severe gender inequities and high poverty rates. The intervention had four treatment groups.
 - Accounts Basic: Eligible women were assisted to open an individual bank account located at a community banking kiosk.
 - Account Basic Linking: Eligible women opened an individual bank account and their account was linked such that they received their MGNREGS wages in their newly-opened community-based bank account.
 - Account Plus: Eligible women opened an individual bank account and received basic financial training to help them understand how to use their accounts more effectively.
 - Account Plus Linking: Eligible women opened an individual bank account, and their account was linked to their MGNREGS wages, and they received basic financial training.
- "Analysis combines administrative data from the MGNREGS public database, administrative bank data, and a detailed endline survey to generate results."

Outcomes/results

- **"Direct access to MGNREGS payments increased women's work and earnings:** Relative to women who received only a bank account, those who received linked bank accounts plus information on the utility of bank accounts were 34% more likely to be listed on MGNREGS payroll 15 months after the intervention. Moreover, the wages flowing into female-owned accounts was large. For women receiving a payment into an individual bank account, the average payment to women over the 15 month interval was \$61 – equivalent to 26% of women's annual income from non-MGNREGS sources."

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Outcomes/results (cont.)

- **“Private sector employment also increased for those in the link plus treatment arm.** Household survey data show that, roughly six months after the intervention, labor force participation was 12% higher and annual private sector earnings increased by 24% among women assigned to 'link plus'... The gains are concentrated among women who were least attached to the labor force prior to the intervention and among women whose husbands were most opposed to female work... Link plus women were more likely to engage in economic transactions outside the household and stated higher levels of mobility relative to the control group.”
- **“Receiving a bank account without supplementary information had no effects on employment or earnings:** Although the intervention roughly doubled the share of women who had bank accounts, receiving only a bank account—with or without supplementary information—had no observable impact on—

—women's employment or earnings. Thus, giving a woman a safe place to keep her wages is not enough; resources need to be explicitly directed to that savings account and women need to be given the basic tools to use it in order to precipitate behavior change.”

Key enabling environment factors for the intervention

- Reserve Bank of India (RBI) regulations require rural bank branches “to conduct new customer information sessions that provide an overview of the benefits of using bank accounts, including saving for the future and receiving government benefits.”
- Collaboration with the Indian state of Madhya Pradesh (MP)

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Key design elements and principles that led to successful outcomes

Women received assistance and training on how to open and use bank accounts. Initially, the project was designed to only give bank accounts to women, but feedback from the ground indicated that giving a woman a bank account that she does not feel empowered to access on her own, or does not trust, may not have an impact. Therefore, the intervention included assistance and training on bank accounts.

Recommendations from the research

Further data collection is needed to understand "longer-run impacts of the interventions, including impacts on slow-moving, difficult-to change outcomes such as gender norms."

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