

Strengthening Women's Financial Control Through Personal Bank Accounts

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Women working in India. Claudine Van Massenhove | Shutterstock.com

Location: Madhya Pradesh

Sample: 5,851 women in 197 gram panchayats (village clusters)

Timeline:
2013 to 2017

Partners:
Evidence for Policy Design (EPoD)
Bill & Melinda Gates Foundation
Department for International Development (DFID)
Madhya Pradesh State Government
Harvard University Center for Population and Development Studies

In countries like India, female labor force participation is low despite rapid economic growth. In partnership with the government of Madhya Pradesh, researchers offered women individual bank accounts to evaluate the impact of increasing women's financial control on labor market participation and earnings. Linking earnings from a government workfare program to women's bank accounts led to increased employment both within the program and in the private sector. Women who had previously been the least involved in the labor market and whose husbands expressed the most opposition to females working experienced the largest impacts.

Policy Issue: Despite rapid economic growth in many emerging economies, female labor force participation is low. In India, for example, labor force participation for working-age women decreased from 37 percent in 1990 to 28 percent in 2015, despite the fact that nearly one-third of Indian

housewives have expressed interest in working. One theory for low female labor force participation is that men's gender role preferences limit women's ability to work. If this is the case, then increasing women's household influence may empower them to work more, rather than work less (as might be expected assuming traditional household roles). While previous research has established the link between women's empowerment within the household and their employment, little research exists on the direct impacts of social norms and women's agency on women's labor market decisions.

Context of the Evaluation: This study took place among low-income, rural households in 197 gram panchayats (village clusters) in the North Indian state of Madhya Pradesh. Gender norms in India limit women's influence, especially for activities outside of the home. In 2011, a nationally representative survey found that just over half of adult women surveyed stated that their husband has the

most say in deciding whether they can work, and 85 percent reported asking for permission to travel alone for short trips. Among women in this study, three quarters said that women need to be accompanied by a male relative to go to the neighborhood bank.

This evaluation focused on India's federal workfare program—the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)—which entitles over 55 million Indian households to 100 days of minimum wage work per year. At the time of the evaluation, the status quo was for workers' earnings to be deposited into a single household bank account, controlled almost exclusively by the male household head. Thus, a woman's MGNREGS earnings were transferred directly to her husband.

In 2012, as part of a plan to make MGNREGS more female-friendly, the government announced that women's MGNREGS wages should be deposited into bank accounts in their own names. However, states did not consistently implement this change. In 2016, only 30 percent of participating Madhya Pradesh women received wages in an individually-owned bank account.

Details of the Intervention: Researchers partnered with the government of Madhya Pradesh to conduct a randomized evaluation to test the impact of increasing women's influence over their earnings on their labor force participation and earnings.

Village clusters in the sample were randomly assigned into one of three groups:

- Account only: women were offered their own free bank account, but it was not linked to their MGNREGS payments.
- Linked account: women were offered their own free bank account, which was linked to their MGNREGS payments for direct access.
- Comparison: the third group maintained the status quo.

Women in the treatment groups were offered bank accounts in the first half of 2014. Among both treatment groups, women in a random half of the village clusters also received a two-hour interactive information session that explained the benefits of using a bank account.

To measure the impact of personal bank accounts and links

to MGNREGS earnings, researchers used a combination of survey and administrative data to measure the number of bank accounts opened, use of those accounts, and household work activity and earnings both within and outside of the MGNREGS program. Researchers conducted two surveys with program participants and their husbands following the introduction of the accounts - one in late 2015, and another in 2017.

In both surveys, researchers asked questions to understand how the program impacted women's self-reported decision making power, mobility, and experiences of violence in the household in addition to their economic activities.

The 2017 follow-up also measured women's willingness to work, social perceptions among both men and women, and women's intra-household bargaining power. Researchers used a combination of questionnaires, randomized offers of employment from local landowners and negotiation scenarios with couples to measure women's empowerment on multiple dimensions.

Results and Policy Lessons: *These results only reflect the 2015 survey. Results from the 2017 follow-up are forthcoming.*

Linking women's MGNREGS payments to an individual bank account increased women's work, both within the program and in general. Women who had previously been the least involved in the labor market and whose husbands expressed the most opposition to females working experienced the largest impacts.

Bank Account Usage: While the offer of both linked and unlinked accounts led to large increases in women's likelihood of having their own account, most did not use them. Fifteen months after the intervention, only 16 percent of women in the "account only" group reported visiting the bank in the past six months. However, women offered the linked account plus the information session did, on average, make more transactions and keep more money in their accounts.

MGNREGS Employment and Wages: Direct access to MGNREGS payments increased women's work under the program. Those offered a linked account and an information session were 34 percent more likely to be working in the MGNREGS program 15 months after the intervention, from a base of 32.8 percent among those who received only a bank

account. These women also received more MGNREGS earnings into their personal accounts. While women who were not offered a linked account had almost no program earnings in a personal account, those offered linked bank accounts plus information sessions had deposited around Rs. 648 (around US\$10 in 2015) in earnings over 15 months.

Private Sector Employment and Wages: Private sector employment and earnings also increased for women who received a linked bank account plus an information session. Private sector labor market participation was 8.2 percentage points higher for this group, from a base of 74.7 percent among those who only received a bank account (an 11 percent increase). Furthermore, annual private sector earnings increased by an average of Rs. 3,288 (around US\$51), from a base of Rs. 13,480 (a 24 percent increase).

The employment and earnings gains were concentrated among women who had the lowest labor force participation prior to the intervention and among women whose husbands were most opposed to women working. These results suggest that more control over earnings increased women's influence and agency.

The government of Madhya Pradesh has been supportive of this project and is encouraged by the results. Results are forthcoming from the 2017 follow-up, which measured the long-term effects of the project as well as household attitudes and women's bargaining power.

¹International Labour Organization. 2015. "Key Indicators of the Labour Market 2015 (KILM) Database." Online. LFEP Database, 9th edition.

Related Papers Citations: *Field, Erica, Rohini Pande, Simone Schaner, Natalie Rigol, and Charity Troyer Moore. "On Her Account: Can Strengthening Women's Financial Control Boost Female Labor Supply?" Working Paper, November 2016.*

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