

Presentation on
Key Findings of the Report

**DIGITAL FINANCIAL INCLUSION OF
WOMEN IN MSME'S: G20 AND INDIA**

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Friday, September 23, 2022



INTRODUCTION

- ❑ The global digital payments market is expected to grow at an estimated compound annual growth rate (CAGR) of over 13% between 2022 and 2026.
- ❑ Access to, and increased usage of digital financial services can help promote gender equality.
- ❑ There continues to be several gaps in the digital financial inclusion (DFI) of women.
- ❑ With India taking over the G20 Presidency for 2023, there is a need for the country to focus on both the achievements and the issues related to DFI of women and MSMEs in India.
- ❑ There are hardly any survey-based studies on where the country stands, its achievements and gaps in DFI, especially with reference to the MSME women entrepreneurs and employees.

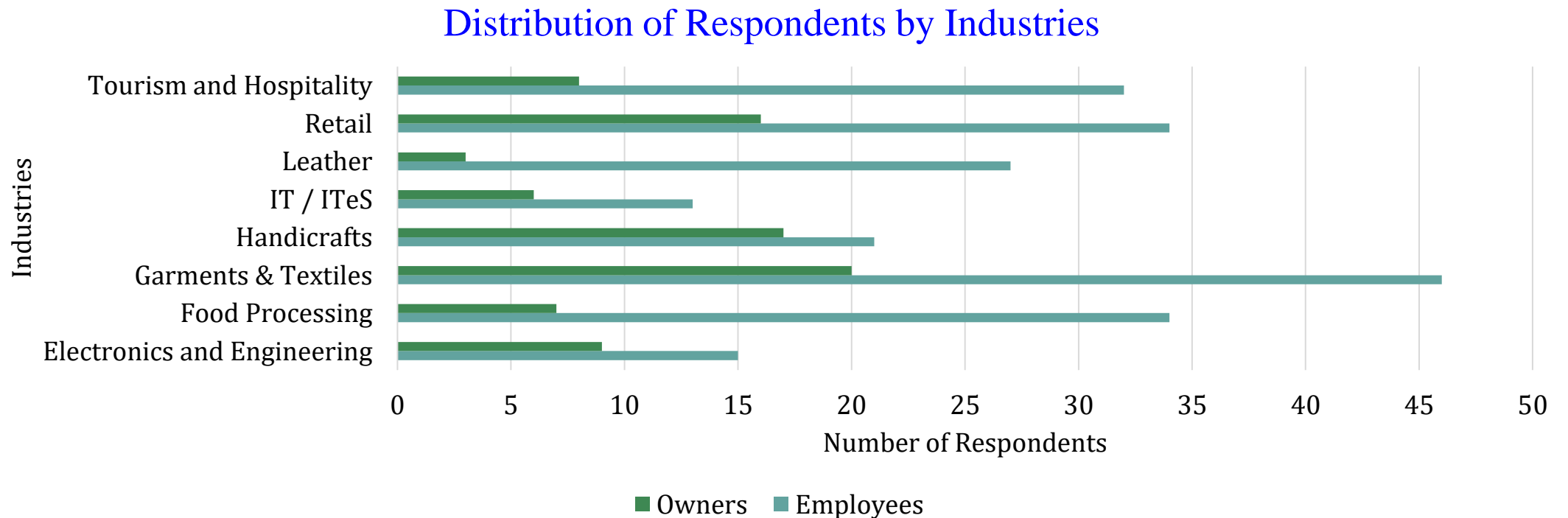
OBJECTIVE

This study aims to

- I. Examine the status of digital financial inclusion (DFI) of women in India with a particular focus on the MSME sector.
- II. Evaluate their access to financial institutions, usage and adoption of digital financial services, and digital and financial literacy among women.
- III. Identify the key issues that impede enhancing DFI.
- IV. Recognise areas within the MSME sector where policies and schemes can be introduced to help India forward the agenda for women's DFI in the G20.

METHODOLOGY

- The study is based on secondary data analysis and a primary survey of 308 women (86 owners and 222 employees) involved in MSMEs, across eight sectors.



- The survey was administered across four Indian states – Rajasthan, Gujarat, Karnataka and West Bengal.

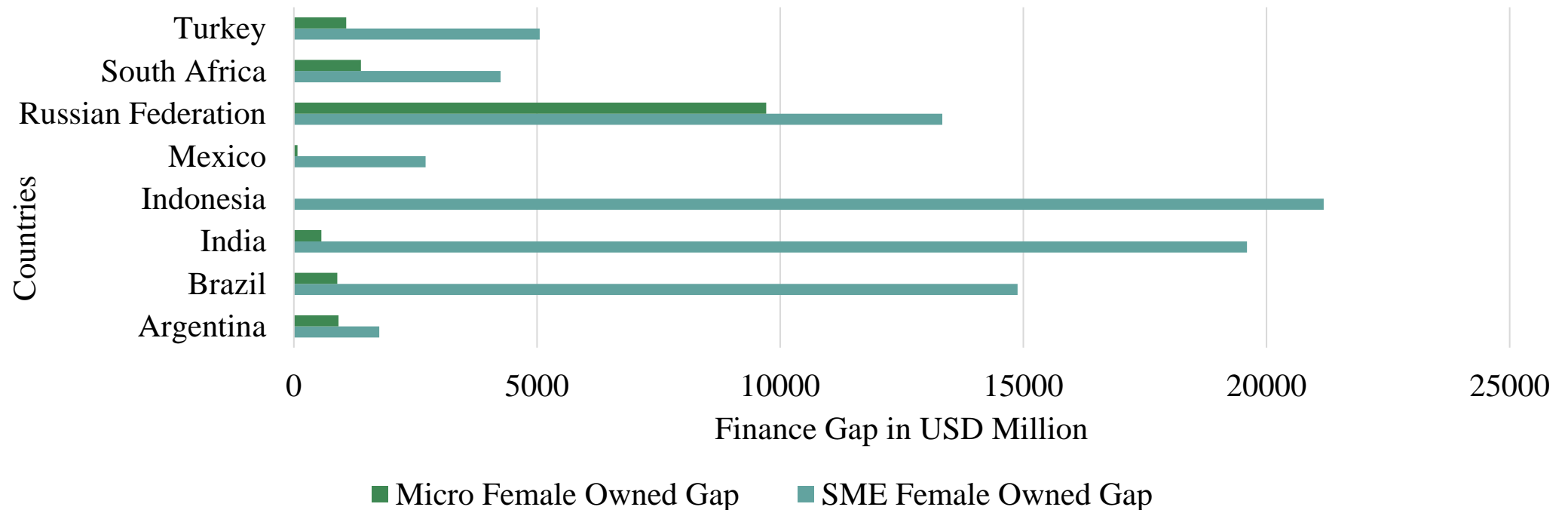
KEY FINDINGS: SECONDARY DATA (1)

- ❑ India, in 2021, had an insignificant gender gap in terms of account ownership with around 77% of women (almost equal number as men) having an account with a financial institution.
- ❑ There is substantial gap in the usage of bank accounts and other financial services:
 - In 2021, 42% women had an inactive account compared to only 30% men.
 - India had the lowest percentage of women owning a debit/credit card at 20% in 2021, among the G20 countries.
- ❑ There is still significant gender gap in access to mobile and internet usage in India with almost 70% of Indian women had never used the internet.
- ❑ In developed countries, over 95% of the women made/received digital payments in both 2017 and 2021. In comparison, less than 50% women in India used digital payments in 2021.

KEY FINDINGS: SECONDARY DATA (2)

- ❑ India had the lowest percentage of women owned SMEs at 6.1% in 2018-19.
- ❑ India had the highest finance gap among developing G20 countries, for women owned SMEs in 2018-19.

Finance Gap for Women-owned Micro Enterprises and Women-owned Small and Medium Enterprises in Select G20 Countries in 2018-19



SOME KEY INITIATIVES/BEST PRACTICES

Central Government

- Pradhan Mantri Jan Dhan Yojana (PMJDY)
- Pradhan Mantri MUDRA Yojana (PMMY)

Financial Institutions

- **RBI:**
National Strategy for Financial Inclusion
- **NABARD**
Self-Help Group (SHG)- Bank Linkage Programme

Public Sectors Banks

- **State Bank of India:**
collaborated with Usha International Limited (UIL) under the Joint Liability Group Model

State Government

- **Rajasthan:**
Bhamashah Yojana
- **Karnataka:**
Karnataka Industrial Area Development Board (KIADB)- New Industrial Policy

KEY FINDINGS: PRIMARY DATA (1)

- ❑ Though account ownership by women in MSMEs is high, the use of bank account, and other financial services is limited.

26% employees did not have an automated teller machine (ATM)/debit card, and 88.8% did not have a credit card.

62% respondents do not have access to mobile banking, 63% have no access to internet banking, and 56.8% have no cheque book facility.

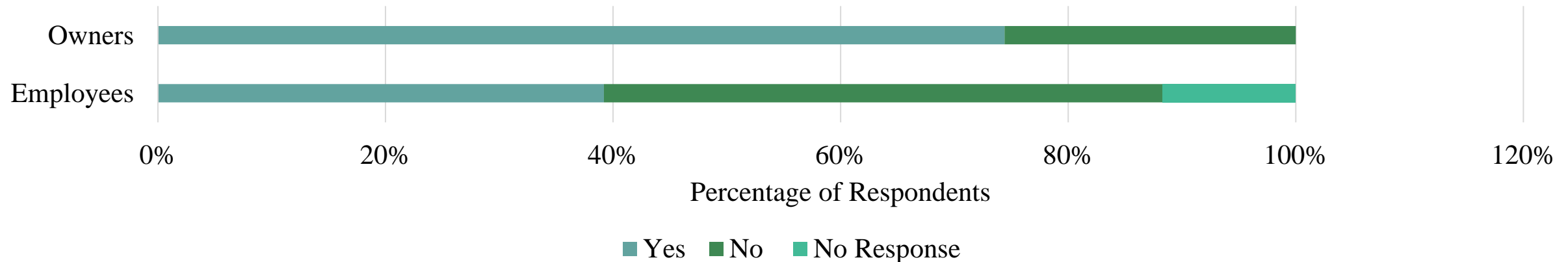
69% of the employees have never done any money transfer using their bank account.

- ❑ Women MSME owners are more likely to use banking and other financial services than employees due to higher levels of education and awareness.
- ❑ MSME women owners have a higher uptake of loans (especially business loans) as well as insurance as compared to the employees.

KEY FINDINGS: PRIMARY DATA (2)

- ❑ The usage of mobile banking and internet banking is low, particularly amongst employees, even though most women own a mobile phone.
- ❑ The low usage of mobile banking is primarily due to safety concerns even when they find it relatively easy to use

Percentage of Respondents who find Mobile Banking Safe



- ❑ Though 82.8% of women do not find mobile banking time consuming and 63.7% find it “very easy” to “moderately easy”, 47.4% of women still prefer to visit the bank for any transaction and avoid using mobile banking due to security reasons.

KEY FINDINGS: PRIMARY DATA (3)

- ❑ Usage of cash remains prevalent in the MSME sector.
- ❑ However, 68.6% MSME owners felt they should engage in a greater proportion of digital transactions.
- ❑ The most common issue faced by the surveyed MSME owners is access to finance, with 60.5% MSME owners finding access difficult.
- ❑ Around 47.7% owners think that it is even more difficult to obtain a loan if the owner is a woman
- ❑ The MSME owners want government support in terms of:
 - simplified procedures for women entrepreneurs to obtain loans;
 - reduced paper work;
 - faster approvals;
 - more time for repayment; and
 - infrastructure upgradation programmes.

CONCLUSION

- ❑ In the case of DFI, the most important barriers women face are:
 - lack of digital and financial literacy
 - lack of access to smartphones and the internet due to patriarchal and socio-cultural norms
- ❑ In addition, lack of resources, skills, entrepreneurship skills and technical knowledge are major hindrances in terms of DFI for women working in MSMEs.
- ❑ The most significant factor that limits MSME access to easy finance and credit is the lack of high-quality collateral.

WAY FORWARD (1)

As India progresses towards its G20 Presidency in 2023, the country needs targeted policies in place to address the existing gender gap in DFI and drive the agenda forward in G20.

Focus Areas for Policy Interventions

- Enhancing knowledge and information of available financial packages and schemes and better monitoring and evaluation of the existing schemes will help in DFI. There is need to shift MSME owners from cash-based transactions and this will lead to employees getting wages in their accounts.
- There is need for on-boarding of owner into e-commerce platforms through training and capacity building.
- Training can help to address the digital financial literacy gaps.
- There is also an urgent need for the government and non-profit organisations to step in and help spread awareness among women entrepreneurs about the benefits of DFI and help build the right eco-system for such inclusion by providing funds, training, infrastructure and skilled manpower.

WAY FORWARD (2)

As India prepares for its Presidency in 2023, India can lead the initiative on collection of data and statistics on DFI of women.

There is a need to carry out a large-scale, nationally representative survey of MSME enterprises to understand their issues, both at the employer and employee level, and across different sectors.

There are examples of successful schemes and initiatives, which India can showcase in the G20.

India must also encourage seminars and workshops in collaboration with stakeholders across the world on research and development to evaluate the status of DFI across countries and the impact of COVID-19 on DFI of women and come up with toolkits to enable DFI of women in post-pandemic recovery plans for G20.

THANK YOU

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