# **Role of Fintech Services in Women’s Economic Empowerment-An Exploratory Study**

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**Introduction**

Women hold a tremendous amount of financial power and play an active part in the workforce and economy as a whole. Women’s economic empowerment mainly involves admittance to income and assets, benefit from economic gains and the authority to make decisions. Women’s economic empowerment is reflected by her control over her life, choices and decision making as a result everyone should pay adequate attention in the financial inclusion of women. Women lacks abundant representation at all levels of the global financial institutions i.e from depositors and borrowers to bank regulators. International Monetary Fund has categorically highlighted that women inclusion as users, providers, and regulators of financial services can address the issue of gender inequality across the globe. Lastly, bridging the gender gap would further promote stability in the financial institutions and also accelerate the economic growth thereby making the economy more robust and sustainable.

**Role of Fintech in financial empowerment of women**

Financial technology (Fintech) is becoming more widely used and disseminated. Therefore, technical advancement that makes it easier and more efficient to supply financial services may hold the key to financial inclusion and women's empowerment through financial inclusion. The use of digital technology in the financial industry and the quick growth of digital financial services present new chances to contribute to the creation of an inclusive economic infrastructure that provides underprivileged people, particularly women, with new options. There is no disputing that new digital technologies are transforming the global financial services sector due to its quick adoption of mobile communication networks, India has become a centre for innovation in this field.

India has unquestionably become one of the fastest-growing Fintech hotspots in recent years due to its one of the world's fastest-growing economies. Financial inclusion can be boosted through the explosion of Fintech platforms and applications, especially for women who are underserved by traditional banking. This essay examines the data on women's use of Fintech and how it is transforming the financial landscape. It will also draw attention to instances that show the potential advantages of Fintech for women while highlighting how these cutting-edge technologies must be properly adapted to the unique challenges that Indian women confront if they are to be genuinely empowered.

* In India, the nature of banking and other financial services is fast changing as mobile networks and other new actors upend established financial platforms and modes of operation while introducing brand-new service innovations.
* There are few examples of Fintech apps catered to women's unique requirements, despite the fact that an increasing number of Fintech innovations are creating new avenues for previously excluded populations to access banking, insurance, and other financial services.
* More innovations are required, with applications catered to the unique settings of women entrepreneurs, in key sectors that directly impact the majority of women, such as health, education, and social transfers.
* Due to the Fintech industry's recent incubation, there is no systematic information regarding its effects on women; further research and evaluation of specific developments are required in order to determine their potential advantages.
* Financial participation
* Financial inclusion via technology

India's Fintech sector is surely expanding. India has the secondhighest global adoption rate of Fintech (behind China) with an impressive 87 percent. The elements contributing to the encouraging results are raising smartphone usage and better internet penetration, which open up access to Fintech. Fintech has been an industry disruptor throughout time as the traditional banking sector has only been moderately effective in expanding its services to low-income and disadvantaged groups. 2021, in accordance with a GSMA report. From 17 percent in 2017 to 53 percent in 2021, Indian women's awareness of mobile internet usage has increased. A safety net (such as credit, savings, or insurance) might be offered by Fintech companies to reduce the dangers that marginalised groups of society, notably women, must deal with on a daily basis. The plans and initiatives supported by the government have also expedited it.

Approximately 357 million people who have never had a bank account now have one. 53 percent of these account holders are female. For Fintech platforms, the procedure has been made easier by the PMJDY and Direct Benefit Transfer plan. This process has been further accelerated via the United Payments Interface (UPI). In October 2019, 92 banks used UPI and more over 1.15 billion transactions of INR 1.91 trillion were recorded. Fintech start-ups have also been encouraged by the expansion of the internet and the recognition of peer-to-peer lenders as non-banking financial institutions.

**Financial Inclusion of Women through Fintech applications**

***Drivers***

1. Time savings and convenience: Women spend the majority of their unpaid time at home and with family, working seven days a week. To avoid lines and shorten travel times, they typically prefer to carry cash for transactions and/or rely on any male family members to take money out of ATMs on their behalf. Women have relatively limited free time due to work and family responsibilities. This issue, which some people refer to as "time poverty," affects women in India significantly. By enabling women to make financial transactions whenever and wherever it suits them, mobile financial services could lessen the problem of time poverty.
2. Mobility: Due to their gender, women in India have limited mobility. Men frequently go with women when they visit a bank. Women in the household worry about their safety while travelling and about not getting the male head of the home's approval. Due to the mobility barrier, mobile financial services can help increase access to banking by enabling women to make transactions from the comfort of their homes.
3. High rates of access to a mobile phone: Almost all Indian adults have access to a mobile phone, either because they own one or borrow one from friends and family. This is likely one of the most important variables supporting women's use of mobile financial services. The difference in pricing between smartphones and basic phones

***Barriers***

1. Even with these motivators, there are also obstacles that prevent women from using mobile financial services, such as gender conventions, low levels of digital literacy, a lack of knowledge about these products and their advantages, and mistrust of mobile financial services. Women's access to finance is directly impacted by societal and legal constraints that hinder them from inheriting property, from participating in economic activity, and from obtaining assets that could serve as collateral for loans from lenders.
2. Due to societal conventions within patriarchal communities, women's lack of participation in household financial decision-making is another significant barrier to their financial inclusion. Women have a lower degree of demand for financial services because they are proportionately less involved in household financial decisions.
3. A significant barrier is the compatibility issues with some mobile financial products on different platforms, such as the lack of local language support for some apps and the lack of an interface for feature or basic phones. Last but not least, there aren't many businesses that encourage their female customers to use digital payments, especially in rural and semi-rural areas.

**Potential role of Fintech in addressing women’s barriers**

1. Service providers should consider gender while designing new products. Create specialised goods and services for women. Financial service providers must interact directly with women to understand their requirements, tastes, and behaviours in order to develop products that will address their problems and add value.
2. Invest in education, training, and awareness-raising: The government should form a Public-Private Partnership (PPP) with service providers to invest more in education and awareness-raising in order to increase usage among low-income individuals, particularly women. Education initiatives may also encourage women to use smartphones more frequently, expanding the market for companies that offer mobile money. Female salespeople and agents who can instruct and help women in their use of mobile products should be hired in order to ensure effective learning. To provide widespread, affordable financial education, mass and social media should address norms of individual financial engagement.
3. Ensure privacy and security: The government and service providers should make sure that there are more female banking agent networks available for more ease and security in order to encourage women to utilise mobile financial services.
4. Invest in customer experience: Focus on earning women's trust by providing products that are safe and dependable, avoiding service outages, inadequate data protection, a lack of agent liquidity, and by making sure terms and conditions are clear. Excellent customer service is essential because a bad experience might cause mobile financial services providers to lose years of business.
5. Organize efforts among all parties involved to promote a comprehensive strategy for women's financial inclusion: Buyers, suppliers, service providers, legislators, and regulators should work together in a concerted effort to align interests and strategies. By working together, the financial inclusion community can create the infrastructure necessary to encourage more women to actively use digital goods and services. Governments may be able to provide greater benefits through digital transfers if all parties work together, and more businesses may start accepting digital payments.

**Recent Central Financial Institutional and Governmental Efforts**

**National Strategy for Financial Education (NSFE) 2020-25-** To improve financial inclusion in India, the National Centre for Financial Education (NCFE) has developed the NSFE in partnership with the country's major financial regulators, including the Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority, and other stakeholders. Through the Financial Literacy Awareness Programs, they hope to increase financial literacy among those just entering the financial system, adults, farmers, schoolchildren, senior persons, SHGs, and businesses (FLAPs). Mobile Demo Vans equipped with audio-visual equipment, ATMs, and micro-ATMs will be used by the initiative to allow users to undertake digital transactions.

* Digital India, Universal Access to Mobile Connectivity: This programme concentrates on network penetration and bridging India's connectivity gaps. To increase demand for mobile services in rural areas and draw private-sector telecom and internet service providers, it wants to increase mobile coverage.
* E-RUPI: The Indian government introduced e-RUPI, a cashless and contactless method of making electronic payments. It is anticipated to play a significant part in enhancing the efficiency of Direct Benefit Transfer (DBT) in digital transactions and adding a new level of digital governance. One of its benefits is that it can be used by people without smartphones or in locations without an internet connection because it can also be used on basic phones.

While mobile financial services—those provided through a mobile phone—deliver a number of advantages that could increase adoption among women, digital financial services are accessible in many forms, including ATMs, point-of-sale terminals, and debit cards. By removing some of the obstacles that women face, Fintech solutions may help close the gender gap in financial inclusion. Fintech solutions, for instance, are frequently more adaptable than traditional banking services (i.e., offering closer proximity, reduced transaction fees, and easier loan application processes) and are thus more able to account for and meet women's specific demands. In India, a lot of women get together in savings organisations to legitimately access financial services like loans. Fintech offers a chance to improve these current procedures by adding technologies that will make it possible to obtain credit, savings accounts, and other financial goods. Women have undoubtedly profited from some of the major breakthroughs that have had an impact on the economy as a whole, as can be proven.

**Impact of Fintech solutions on Women**

According to UNCDF's Inclusive Digital Economies and Gender Equality Playbook, digital and financial inclusion is one of the main forces behind women's economic agency and empowerment because it improves access to assets and income, gives people control over economic gains, and gives people the ability to manage their money. By eliminating safety nets or fallback options, the pandemic has undoubtedly made the already existent financial inequities worse. The digital economy appears to be the best option going forward for navigating a virtual environment given the abrupt transition in major economic operations and transactions online. There has never been a more urgent need to close the gender digital divide, and Fintechs appear to be leading the way in areas of financial inclusion.

**Challenges for Fintech**

Even if the enormous advances in Fintech are a fact of urban life, it is still difficult for sizable rural communities to easily use Fintech. A staggering 42% of those who are financially included are dormant account holders, while 23% of Indian women still experience financial exclusion. Though India has made progress in leading initiatives for gender-responsive financial inclusion, such as the Pradhan Mantri Jan Dhan Yojana 2014, which reduced the gender gap in financial services from 20% in 2011 to 6% in 2017, it still needs to address the glaring divide in digital access that restricts women's ease of access at a policy level, particularly during a pandemic when physical realities are drastically altered. A cursory examination of the structural obstacles that women encounter would very likely cause us to repeat patterns that have not yet been addressed by the policies that promote financial inclusion. Other market constraints include low digital literacy, poor entrepreneurial skills or market information, a lack of personal collaterals or credit history. Some of these challenges are social, such as the lack of or control over mobility and the gender roles imposed on women to limit their economic participation and restrict their earning and saving opportunities. Increased limitations on existing underbanked groups, such as women, have made them more susceptible. Examples include prohibitions on in-person movement and job loss. The possession of ID cards, the quality of mobile devices, and internet access are other structural gaps. These issues should be resolved by carefully examining the nature of gaps using gender-aggregated data and the creation of appropriate strategies for addressing biases and blind spots.

COVID-19 situation offers a window of opportunity to take advantage of technology's advantages and prevent a reproduction of the biases of the physical world in the digital one. Despite the fact that women now have more economic agency and access, they still seem to be a financially underserved group. Despite appearances, gender-neutral strategies tend to prioritise the demands and preferences of men. Due to the unique obstacles encountered by women, Fintech must increase its research and development (R&D) spending. To address the structural issues that women encounter, they must develop newer, gender-sensitive ways.

**Moving towards a solution**

According to a Harvard Business Review research, women invest 90% of every dollar they earn on developing human capital, such as education, compared to males who spend just around 40% of their income on this. Fintech equipped with digital innovation can make an impact in the field of microfinance institutions that primarily serve women through Self Help Groups at this point, when digitisation has undoubtedly advanced by three to four years due to the pandemic (SHG). According to the article "Power of Jan Dhan: Making Finance Work for Women in India," public sector banks in India can help 40 crore low-income Indians by providing financial services to 100 million low-income women, bringing in about INR 25,000 crore in deposits.

The enormous number of start-ups in the Fintech sector has the ability to change their business models and become more inventive in terms of their impact, scope, and effectiveness. In a recent instance, the internet behemoth Google promised to support 100,000 rural women entrepreneurs with financial and digital literacy through its Women Will platform. "We all gain from women's perspectives, creativity, and competence when they have equal access to opportunities, and this is true everywhere in the world. Deep disparities however still exist when it comes to having access to opportunities. According to the article "Power of Jan Dhan: Making Finance Work for Women in India," public sector banks in India can help 40 crore low-income Indians by providing financial services to 100 million low-income women, bringing in about INR 25,000 crore in deposits. This would not only increase financial inclusion but also give Fintech businesses a solid operating environment.

**Conclusion**

Given that they are overrepresented in the informal sector and that the pandemic has disproportionately affected women, they have experienced extreme financial hardship in addition to enormous job losses. However, with the aid of financial technology, they can begin to imagine a more straightforward path from exclusion to inclusion. In India's financial landscape, technology has a real potential to level the playing field and redefine the game. Physical barriers have been removed, and with the aid of gender-focused policies, it is now possible to depict a more enduring future for financially independent women. Closing these gender inequalities will take time, but Fintechs can navigate these rough seas with ease.

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