Ashoka University
Centre for Social and Behaviour Change

Exploring Precursors to Stashing Behavior and Financial Inclusion Challenges among Low-Income Women in India

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Saanya Anand
Sharanya Reddy Thondapu
Aastha Bhakhri

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I. INTRODUCTION

Gender-based financial discrimination is a persistent global issue that not only adversely impacts a large portion of a nation's population, but also carries broader legal implications. Although the extent and severity of this issue varies by region and socioeconomic status and has even diminished in certain societies over time, its prevalence among women in India's lower-income communities warrants further research. This proposal aims to encourage future efforts in investigating a symptom of such discrimination known as "stashing," by examining certain social attitudes and gender roles with respect to digital banking services and financial literacy.

"Stashing" describes a behavior where an individual who perceives themselves as financially insecure attempts to gain security by keeping cash or a financially valuable item hidden from proximate individuals and mainstream financial institutions i.e. banks. It is a response to perceived obstacles such as a lack of access or knowledge of banking services, a lack of trust in banks themselves, and perhaps most notably, patriarchal attitudes towards financial literacy. Women in lower-income Indian communities are often homemakers and part-time workers who do not generate income enough to provide any personal financial security. Additionally, their rights to any income generated are often compromised and seldom acknowledged by other family members and finances are placed under their spouse's or family's control. Therefore such women engage in stashing as an effort to covertly resist perceived infringement on their property rights.

Despite the Indian government's efforts to increase access to online bank accounts and financial information, women are still unable to gain the same control over their own finances as their male family members. Certain social attitudes and gender norms often dictate that men primarily are tasked with managing and handling digital finances as finance and technology are considered male domains (Duvendack). Hence the female counterparts in the family are often lacking in technological skills and financial literacy and have difficulty gaining and maintaining access to their accounts. This is further demonstrated by previous results, which indicate that women who do own a mobile phone often forfeit their access to a male family member, who operates it on her behalf in carrying out important tasks (Duvendack). Thus an increase in access to technology and digital financial management has been shown in some cases to continue to impede womens' access to their finances, creating another risk factor for stashing behavior.

The goal of this proposal is to encourage further investigation in determining how gender-based financial disparities and certain social norms could potentially contribute to stashing behavior in order to better inform future research surrounding it and also pose further questions regarding its social and psychological implications. For example, a future study could aim to determine how much control a woman has over the intra household expenditure, which can provide further insight into their psychology behind stashing. While the collected data is not generalizable, it encourages us to ask the aforementioned questions. Answers to such questions can serve as useful frameworks for targeted and strategic social and educational policy changes that would mitigate the disadvantages lower-income women face because of such financial exclusion.

II. LITERATURE REVIEW

This literature review aims to provide an overview of the current state of research regarding gender-based financial disparities with a focus on their implications for low-income women in developing countries, with India as a case study. Traditional social norms and attitudes surrounding women's economic role and concepts of saving and insurance have also been examined. Each of the factors below are largely a result of differential mobility levels between men and women, where women tend to have limited mobility through and exposure to environments outside their household. Limited physical access to banks, financial education resources, and social insurance are a few examples of their limited mobility.

A. Labor-force participation of women

Female labor force participation (FLFP), which indicates the extent to which women are active in the labor force, remains low and stagnant in many emerging economies, with India as a particularly stark example. Despite robust economic growth, India's FLFP declined from 32 percent in 2005 to 21 percent in 2018, making Indian women some of the least employed in the world (ILO, 2020). Yet, nearly one third of Indian housewives express an interest in working (Fletcher, Pande and Moore, 2018). Simply bringing these latent workers into the labor force would effectively double Indian FLFP.

The question of what is preventing so many women from working has multiple valid answers. The prevalence of conservative gender norms around work roles would prevent women from engaging in work that provides adequate financial support, creating insecurity, disempowerment and a potential need for stashing. Another explanation should consider the growing affluence of Indian society in general. The amount earned by an individual for a unit of work has been increasing, essentially disincentivizing women from working and decreasing their participation in the labor force. This U-shaped relationship between female labor participation and economic affluence is an explanation that was given within the European context, emphasizing its prevalence among the middle class (Humphries and Sarasua, 2012). Additionally, in many countries, a wife who works outside the home is a source of social stigma or shame for her husband, who is expected to be the primary breadwinner (Boudet, Petesch and Turk, 2012; Bernhardt et al., 2018). In future efforts, it is worth investigating how the U-shaped economic relationship between FLFP and affluence and such prevalent social norms impact women's tendency to stash money.

B. Access to banking services

According to "Women Struggle to Access Basic Banking Services," the challenges that women encounter in accessing essential banking services are discussed. The author highlights that social norms revolving around gender roles can play a significant role in limiting women's control over financial resources, thereby exacerbating their difficulties in achieving financial inclusion.

The article further points out that formal requirements associated with opening a traditional bank account, such as the need for identification cards, present an additional barrier, especially for women residing in rural areas or engaged in the informal sector. These hurdles can impede their ability to access formal financial institutions and avail themselves of banking services that are fundamental for economic stability and growth.

Notably, the gender disparity extends into the realm of technology adoption. The author cites that women in low- and middle-income countries are faced with a substantial 20% lower likelihood of using mobile internet compared to men. This staggering statistic translates to approximately 300 million fewer adult women having access to mobile internet and, consequently, being unable to tap into the convenience of digital banking services. This digital divide further exacerbates the financial inclusion gap between genders.

C. Lack of financial literacy

One of the primary barriers to active usage of formal financial services is the lack of financial literacy. Women in rural areas have limited or no access to information on how to engage with the continuously evolving formal financial space, especially when it is digitized. They also have limited literacy and corresponding numeracy levels (Bruine de Bruin, 2021), constrained mobility and access to public spaces, and are intimidated by the male dominated physical banking space and the English dominated online financial interfaces.

In a country where 23.5 percent of rural households have no literate adult above the age of 25 (one of the categories of deprivation measured by the Socio-Economic Caste Census 2011), and of the 64 percent literate rural Indians, more than a fifth have not even completed primary school. It is not only important—but essential—to have a systematic platform for financial education.

The inability to understand and engage conveniently with the formal financial space has huge implications on the financial behavior of these households. This is further exacerbated by language, connectivity, and socio-cultural barriers.

National level efforts to enhance financial literacy have been focused on setting up of Financial Literacy and Counseling Centres (FLCCs) by lead banks of a district. FLCCs are meant to be the district level structures for imparting financial education. However, they have not been very effective, especially given their camp-based approach to financial education and limited outreach.

D. Gender roles in society influence attitudes towards saving and spending.

One area that requires further examination is the role that gender plays in influencing aggregate saving and spending patterns. A small but growing body of literature strongly suggests there are gender differences in saving decisions as well as in risk-taking attitudes, at least in some developed economies (Bajtelsmit & Bernasek, 1996; Bajtelsmit, 1997; Sunden, 1998, Hinz et al., 1996; Hungerford, 1999).

Research on saving at the household level generally makes the assumption of a unitary household that seeks to meet several goals: (1) to provide resources for retirement and bequests; (2) to finance expected large lifetime expenditures, including house purchase and education; (3) to finance unexpected losses of income (precautionary saving); and (4) to smooth the availability of resources over time to maintain more stable consumption.

Given their divergent social and economic circumstances within and outside the household, women and men may possess different mindsets toward saving versus spending (Vogler, 2008). Women tend to adopt more of a “saving” mindset and tend to focus on accumulating cash as a way to secure money for rainy days in the future. They also tend to save money in an effort to spend on their family’s welfare, such as their children’s education, or on supporting other members of the community. Men, who by their position in the labor market, are more likely to be beneficiaries of social insurance, may have less of a need to depend on savings for consumption-smoothing purposes. Conversely, because women are not as able to rely on state-level programmes when income flow is interrupted, they may have a greater incentive to save a portion of their current income. Women may also achieve their consumption-smoothing goal by maintaining ties to kinship networks that involve kin exchanges, which require savings and serve as a form of insurance or risk spreading to be utilized during financially difficult times. Shifts in women's relative bargaining power are likely to affect household savings

Since household savings constitute the most significant component of gross domestic saving in many developing countries, changes in household saving rates critically influence aggregate saving rates. This paper explores the evidence to determine whether there are gender differences in saving behavior that affect household savings. Research generally makes the assumption of a unitary household that seeks to meet several goals: (1) to provide resources for retirement and bequests; (2) to finance foreseeable large lifetime expenditures, including house purchase and education; (3) to finance unexpected losses of income (precautionary saving); and (4) to smooth the availability of resources over time to maintain more stable consumption (consumption smoothing).

Given their divergent social and economic circumstances within and outside the household, women and men may possess different mindsets toward saving versus spending (Vogler, 2008). Women tend to adopt more of a "saving" mindset and tend to focus on accumulating cash as a way to secure money for rainy days in the future. They also tend to save money in an effort to spend on their family's welfare, such as their children's education, or on supporting other members of the community. Men, who by their position in the labor market, are more likely to be beneficiaries of social insurance policies, may have less need to fall back on savings for consumption smoothing purposes. Conversely, insofar as women are less able to rely on state-level programmes when income flows are interrupted, they may have a greater incentive to save out of their current income than men. Women may also achieve their consumption-smoothing goal by maintaining ties to kinship networks that involve kin exchanges. Savings are required to finance these activities, which serve as a form of insurance or risk spreading to be tapped in economically difficult times. Shifts in women's relative bargaining power are likely to affect household savings.

III. RESEARCH OBJECTIVES AND QUESTIONS

A. Research Design & Tools Employed for Data Analysis

The research design employed for this study is a qualitative approach that presents the findings of interviews with 21 respondents from Delhi's Munirka Village. This approach allows for a more comprehensive and nuanced exploration of the complex issue of gender-based financial disparities.

Interviews were conducted with 21 respondents, of whom 20 were female and 1 was male. The residential area chosen was an urban cluster of working-class families with a lower income level in South Delhi which was a representative sample of the target population. The respondents worked in occupations that did not require educational qualifications and were part of the unorganized sector. The respondents were also of the same demographic and had the same or very similar occupations. The respondents therefore fell in the same income bracket. An excel tool was designed to efficiently capture the findings and is enclosed with this study. The Questionnaire and references used for the study is enclosed in Annex 1.

B. Findings and discussion

Expenses outweigh savings

Most of the respondents spent almost all their earnings on day-to-day expenses leaving no surplus available for savings or very little for savings. The primary expenses for women were day-to-day household expenses, rent and meeting the needs of education and otherwise for their children. This points to the difference in gender roles between men and women. Since the man usually pays larger bills and takes care of the larger finances for the family, this dependency enables him to establish a superior position within the family. The nature of these expenses can be unplanned and sudden in nature.

Minimal inclination to avail any banking services

Most of them either didn’t have any savings or found their savings to be a very small proportion of their salary and chose to keep it to themselves. In only a few cases did respondents consider depositing savings in their accounts. Though every single respondent or their spouse had a bank account, It is to be noted that the male partner (irrespective of the female), had a bank account in every household. The imbalance between the two genders is evident in the fact that regardless of whether the wife had or did not have a bank account, the husband had an account in every single family. This also highlights the difference in financial stability and security between the two genders which leads them to assume different roles. Women who didn’t have accounts found it impractical to open one due to lack of savings.

Lack of interest in opting for government schemes

Both respondents who were aware and unaware of banking and financial inclusion government schemes did not see the value of opening an account without any balance as they felt it would do nothing to improve their financial situation and would unnecessarily take up their time.

By and large government interventions such as the Jan Dhan account have made financial institutions more accessible (and thereby diminish the need for stashing). While some of the respondents were open to the idea of pooling their money with Self Help Groups, most of them were opposed to it and either found it risky or impractical , or were unable to join one because of their current predicament.

Financial transparency is skewed in households

All of the respondents maintained that they were transparent with their family members about their earnings and expenses. In most cases, respondents said that this transparency was reciprocated. It is noteworthy that in the cases where the same level of transparency was not maintained by the husband, the respondents were readily justifying it with the explanation that he was the breadwinner in the family and paid all the major expenses. This shows how certain patriarchal notions have been ingrained in women and this leads them to perpetuate their own subordination, since they don't consider themselves to be an equal of their spouses. In cases where the family pools together savings of individual members, a greater level of transparency is required and these norms would make it difficult for a woman to keep her savings hidden from the rest of her family.

Although anecdotal and a small sample, in those cases where the woman maintained a stash which the spouse was unaware of, she justified it being for the interests of her family.

IV. CONCLUSION

A. Summary of main findings

The findings highlighted above have opened a set of questions that need to be answered through further research and by working in tandem with the government:

- **How do we begin inculcating the importance of savings for both spouses?** There is a vicious cycle of low income resulting in low savings resulting in low demand of available financial resources. To break this cycle, women need to be educated about the importance of saving by highlighting the benefits for themselves and their children. We also need to find how can be create an enabling environment for women to opt for saving.
- **How can we strengthen the reach of existing government banking programmes for women?** Women are aware of schemes but do not see the benefit of availing the existing programmes with their minimal savings. There is a growing need to ensure banking services by the government are more readily available to these women.
- **What 'new' policies can be introduced to increase the impact of the government banking programs for women?**

B. Potential solutions that need to be tested

Basis the main findings and open questions, we have listed potential solutions that can raise awareness on the importance of saving and encourage women to use of formal banking and financial services:

- Increase accessibility to banks and formal financial institutions
- Raise awareness of government schemes for availing banking services as well as alternative credit options
- Raise awareness especially in rural and underdeveloped areas of bank returns on returns of every 100 rupee installments
- Measures should be taken to make banking options more convenient and accessible to women of low income backgrounds. This can be done through the introduction of gender specific financial products that cater to women's needs
- Incentivise banks to increase their capacity for microfinance

C. Research Gaps

- The sample size is small (only 21 respondents), covering a very narrow section of society which implies that this research cannot be broadly applied to the general population.
- Lack of demographic and geographic spread where stashing is a prevalent phenomenon to understand reasons for stashing.
- Lack of available data on stashing behavior and saving patterns of low-income women in developing countries; most of the research in this area is based on developed countries of the West and is not fully applicable in the context of developing countries like India and cultural differences.