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Scale up women co-op banks to bridge the gender gap

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Shri Mahila SEWA Sahakari Bank has been in existence for over four decades. Even so, such banks have to walk the extra mile to understand the credit needs of the people at the bottom of the pyramid. We need products, but we should not lose focus of the processes.

Banking should be simple and based on mutual trust. Banks should spend time overhauling their operations, be it for application of a small loan or a more complicated product like micro-insurance or pension.

The National Family Health Survey Round 5 (2019-2020) reveals that 77.4 per cent of rural women have a saving bank account. Yet, there are gaps when it comes to financial inclusion of women. In rural areas, the loan rejection rate for women-owned enterprises is 2.5 times higher than for men. This divide is equally significant in the digital financial inclusion space where 20 per cent of rural women have reported owning debit and

credit cards compared to 64 per cent of men. Their accessibility to mobile phones is 20 per cent less than that of men, and as for the Internet, is it 50 per cent lower. There are many inherent gaps in delivery of financial services, particularly credit, to women in rural areas.

Consistent effort

Women co-operative banks have been consistently working towards providing credit and loans to women in the low/middle-income group. Mann Deshi Mahila Sahakari Bank, Pune, a women driven co-operative bank, has been providing small advances for women who have different cash-flow and livelihood patterns.

The bank offers a weekly cash credit product for small vegetable vendors who need rolling cash to manage transactions in the nearby marketplace or *haats*. It's is one of the most sought-after services. The product was the outcome of several pilots

and continuous engagement with clients.

The credit application process in many banks is still cumbersome and so women approach Mann Deshi for buffalo/goat/chicken loans.

Mann Deshi has structured several credit products for rural women who have transformed themselves into micro-entrepreneurs today and have successfully paid several cycles of business loans.



Simplification of mobile banking, biometrics-based authentication, financial literacy, credit counselling, digital literacy, analysis of clients' attitude and behavioural patterns are some of the processes that could add efficiency to banking operations.

Mann Deshi and SEWA Shakari, as women led co-operative banks, have converted financial inclusion into a strong and profitable business proposition, meeting an array of financial needs of rural women and their

families through structured, well-designed products.

Women lack ownership to assets and control over their finances. Weak land titles, lack of collateral, entitlement to family assets, lack of guarantor, and poor access to mobile and technology weaken the progress of financial inclusion.

Research shows that when women have greater access to finance, they spend productively on health, nutrition and education needs of their families. .

With around 1,500 urban co-operative banks and 360 district central co-operative banks, there is huge potential for enhancing financial inclusion.

It is crucial to cater to the differential financial needs of women to expand rural entrepreneurship and employment. This calls for gender disaggregated data, a larger number of women business correspondents, enhanced digital inclusion.

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