



The Journey to Deeper Financial Inclusion: Understanding Experiences of Female Banking Agents in Rural India

INTRODUCTION

Can initiatives to promote low-income populations' financial inclusion also expand rural women's job opportunities? We report on the experiences of "Bank Sakhis", women supported by the State Government of Bihar, India, who operate last-mile banking points.¹ In 2022 and 2023, Inclusion Economics collected data on these women's experiences throughout their first eighteen months as Bank Sakhis. Despite low pay and limited career growth prospects, women stated that the jobs provided them with first-time economic opportunities. They also reported feeling more empowered and respected since starting these jobs. We document challenges that constrained Bank Sakhis' income growth, and propose that investing in capacity-building and fostering suitable partnerships can place them on more equal footing with other local banking operators. Our results highlight the promise of state-supported job opportunities for social and economic empowerment of rural women, while underscoring the importance of structuring local employment opportunities so that women can fully benefit from them.

1. There are multiple types of Bank Sakhis in India, here and throughout we refer to Banking Correspondent (BC) Sakhis.

KEY RESULTS

- JEEViKA's Bank Sakhi program provided 74% of surveyed Sakhis with their first-ever job, providing a crucial earnings opportunity in a setting with few job opportunities and low female employment.
- Sakhis' business scale and income remained low compared to other local financial operators over the first 12 months of operation.
- Despite limited income gains, Sakhis reported increases in respect in their communities and agency within their households.
- Careful selection of banking partners, capacity building, and support for marketing services can improve the economic benefits Sakhis receive from the program.

BACKGROUND

Nationally, only 35% of Indian women are engaged in paid work — and some states, like Bihar, have rates as low as 10% (Periodic Labour Force Survey, 2023). Despite restrictive gender norms governing women’s work and scarcity of rural job opportunities, many out-of-the-labor-force women aspire to work (Fletcher et al., 2018). Meanwhile, significant investments in expanding bank account ownership and availability of last-mile formal financial services are rapidly increasing rural women’s linkages with formal banking systems. Yet, lack of trained banking agents and socio-cultural barriers related to interacting with male rural banking agents may hinder women’s ability to fully benefit from India’s expanding digital financial systems. Employing women as local banking agents in rural areas could provide an avenue for employment while increasing women’s comfort and trust in the financial system.

In 2021, researchers affiliated with Inclusion Economics partnered with JEEViKA, an initiative within the Bihar Rural Livelihoods Promotion Society, to understand the experiences of newly-established female banking correspondents in rural areas. JEEViKA screened, selected, and trained 65 Bank Sakhis, recruited through local women’s self help groups in randomly-assigned village clusters as part of a randomized controlled trial. Once trained, JEEViKA provided each Sakhi with a one-time establishment payment to assist with her set-up costs and six monthly payments designed to supplement her income as she began her work as a Sakhi.

This brief draws upon 15 rounds of monthly phone surveys conducted with 63 Bank Sakhis.² We supplemented these surveys with in-person focus group discussions conducted around the same time as the last round of phone surveys. To understand how Sakhis are positioned within the broader financial institution landscape, we conducted a census of all financial institutions just before Sakhis set up their kiosks, and again nearly two years after. Finally, we used bank administrative data to understand Sakhis’ business experiences, incomes, and banking activity relative to other financial operators who started operations at the same time.

Our analysis produced several insights into Sakhis’ experiences throughout their initial time as community banking correspondents:

SAKHIS ARE YOUNG, EDUCATED WOMEN, MOST OF WHOM WERE PREVIOUSLY UNEMPLOYED.

On average, Sakhis are between 26 and 31 years old and well educated: 91% had graduated from high school and 63% had a bachelor’s degree. Crucially, the Sakhi program provided an on-ramp to work for women who may otherwise not have worked for pay; 74% of Sakhis reported no prior work experience. Among those who had worked, 44% worked in casual skilled work, 31% were self-employed in non-agricultural work, and 25% worked in a salaried private-sector job.

AT THE START, MOST SAKHIS REPORTED GENDER-EQUITABLE BELIEFS AND ASPIRATIONS TO GROW THEIR INCOMES.

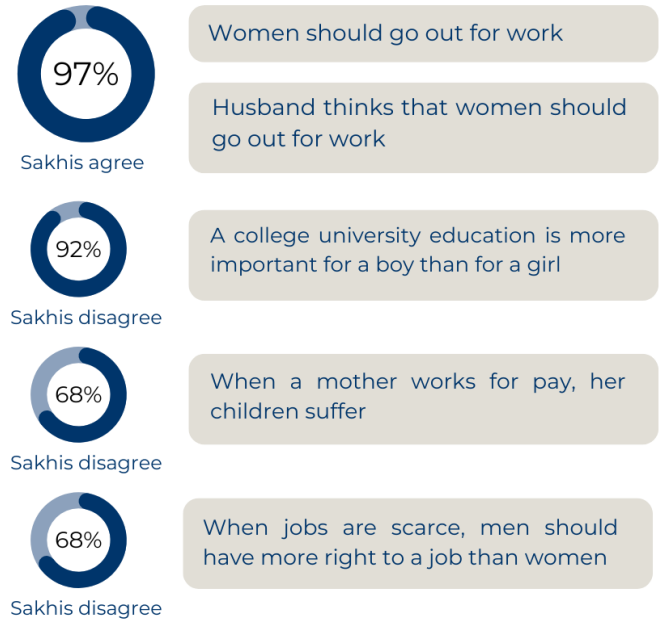
Despite living in a conservative environment, Sakhis reported relatively gender-equitable beliefs (as seen in Figure 1). Nearly all Sakhis stated that they and their husbands supported women’s right to work.³ Further, the majority disagreed with gender-inequitable views, such as the idea that college education is more important for a boy than a girl. Similarly, over two-thirds disagreed with the idea that when a mother works for pay, her children suffer, and that when jobs are scarce, men should have more right to a job than women. In contrast, survey data from non-Sakhi households shows that only 20% of men and women in the general population disagreed with this final statement about reserving jobs for men when access to work is scarce.

2. Only 63 of the selected women ultimately set up their banking kiosks.

3. We asked: People have different opinions about women going out to work. Some people feel that women in your village should not work outside the home to earn money and they should only look after their families, while others say that there is nothing wrong if women go out for work to earn money. What is your opinion? What does your spouse think about this question? (This question was administered during a phone survey to study Sakhis)

Fig. 1: Bank Sakhis Start with Progressive Beliefs about Women’s Work

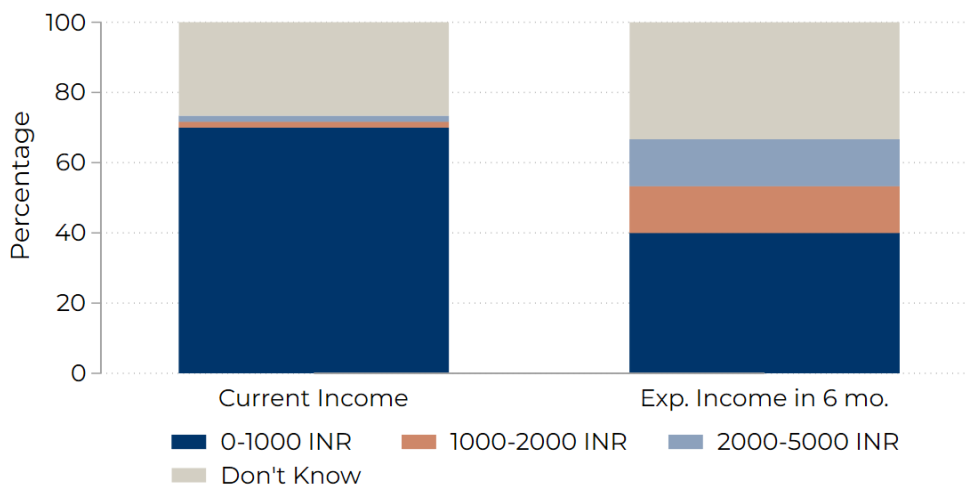
Beliefs about Women’s Work in the first round of Process Monitoring



Sample: 63 Study Sakhis

While Sakhis earned very low incomes at the start of their tenure – nearly all reported less than Rs 1,000 per month (equivalent to approximately 12 USD) — many anticipated earning more in six months, showing hope for improved profits. As illustrated in Figure 2, around 25% of Sakhis estimated their profits would improve, with a large portion expecting them to more than double.

Fig. 2: Bank Sakhis Start with High Aspirations Despite Low Incomes
Current and Expected Monthly Incomes in Round 2 of Process Monitoring

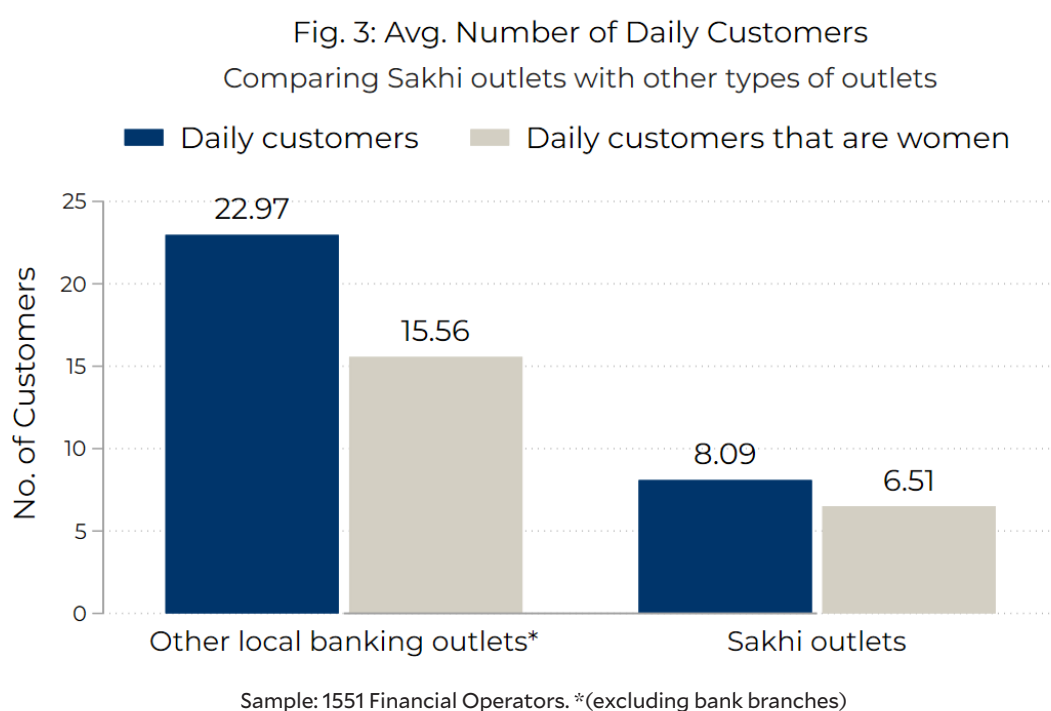


Sample: 61 Study Sakhis

SAKHIS PROVIDED SERVICES TO LOCAL, PRIMARILY FEMALE CUSTOMERS. HOWEVER, THEIR BUSINESSES REMAINED SMALL COMPARED TO OTHER FINANCIAL OPERATORS.

In Figure 3 we see that, at the time of our baseline survey, Sakhis reported that 5 to 10 customers⁴ visited their outlet on a typical day. Of these, 81% were female. Non-Sakhi financial outlets reported roughly 20 clients a day, of which around 67% were female. While a greater share of Sakhis' customers were women, they attracted only about a third as many customers as other small financial shops.

Two years later, Sakhis reported that their average number of customers per day had increased to between 5 and 15 (compared to 5 to 43 daily customers among other local banking outlets), and their customer base was still largely female. Administrative data further reveal that Sakhis' commission levels remained low 12 months into their tenure, at around 3.5 USD in commissions per month on average.



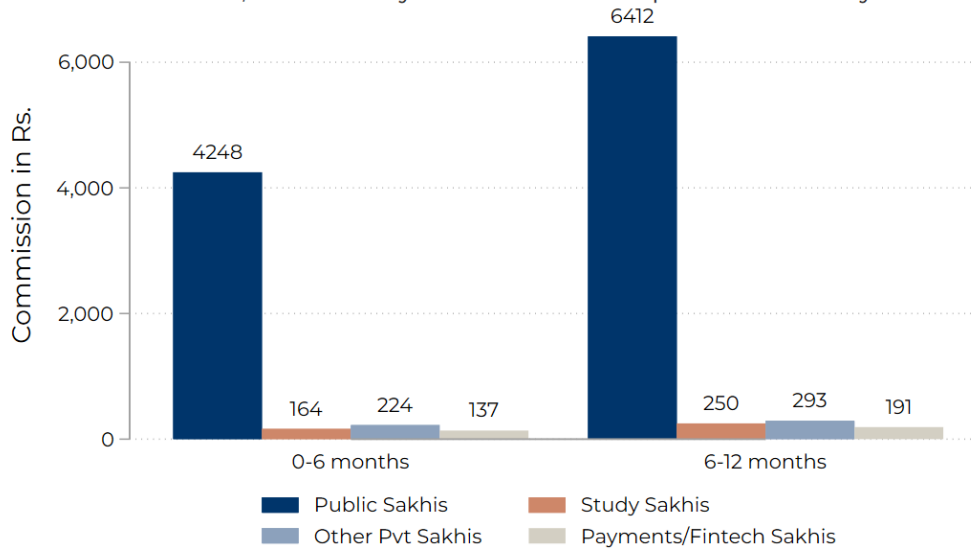
PAIRING SAKHIS WITH THE “RIGHT” FINANCIAL SERVICE PROVIDER MAY BE KEY TO ENSURE SAKHIS CAN EARN HIGHER INCOMES FROM THEIR WORK.

Throughout program implementation, our monitoring identified multiple constraints to Sakhis' success – ranging from technical difficulties with point-of-sale devices to inadequate grievance redressal mechanisms and the need for additional training by banks. We identified several strategies to improve Sakhis' experiences and potential income. Administrative data suggest that one of the biggest predictors of Sakhis' income over time was the type of bank employing her. Sakhis employed by public sector banks significantly outperformed those working for private and payments banks, as demonstrated in Figure 4, even when factoring in tenure and geography. Private and payments bank Sakhis earned less than 5% of the monthly income through commissions earned by public sector Sakhis.

All of the Sakhis enrolled in our study were paired with a private sector bank, a practice that is relatively common for Sakhis across Bihar; 97% of non-study Sakhis onboarded at the same time as study Sakhis were associated with a private sector or payments bank; the overall share at the time of writing is 80%. The banking partner for the Sakhis in our study did not have an established local customer base. Aligning Sakhis with public sector banks, or banking partners that already hold accounts for local populations, may be a helpful change that increases their earnings potential.

4. Both here and in the next reference to daily customers, we report the interquartile range (25th percentile - 75th percentile) of responses from our baseline Financial Institution Mapping Survey, showing the middle 50% of the survey responses.

Fig. 4: Mean Monthly Commission Earned Over Tenure
Private, Public & Payments Sakhis compared with Study Sakhis

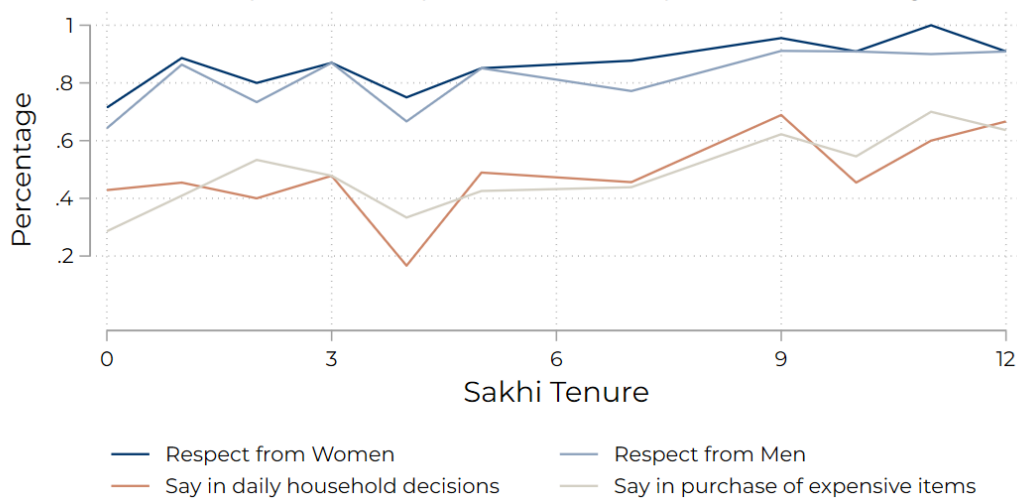


Sakhi tenure: no. of months since becoming a Sakhi. Sample: 1071 Bank Sakhis.

OVER TIME, SAKHIS REPORTED INCREASED RESPECT BY COMMUNITY MEMBERS AND HIGHER AGENCY IN THEIR HOUSEHOLDS.⁵

Throughout the monthly phone surveys, between 60 and 80% of Sakhis reported feeling more respected by women and men in their communities and having more agency in their households compared to the last time we spoke to them, as pictured in Figure 5. In focus group discussions conducted around two years after they set up their outlets, Sakhis confirmed their job made them feel more respected and recognized in their communities, sharing they felt more confident in speaking to men in their village after becoming a Sakhi. Despite the low financial returns to the role, female workers in socially restrictive settings may derive a sense of overall empowerment within their communities and households.

Fig. 5: Respect and Agency Increases
% of Sakhis who report an increase compared to the previous round of process monitoring



Sakhi tenure: no. of months since becoming a Sakhi. Sample: 63 Study Sakhis.

5. To ensure comparability of outcomes in this figure, the sample is restricted to include only the Sakhis that were in the same cohort as study Sakhis, i.e. Sakhis that were onboarded at the same time as study Sakhis.

CONCLUSION

Our research suggests that the Bank Sakhi program provided important employment opportunities in rural areas for young, educated women who may otherwise be unemployed. However, Sakhi income, income growth, and customer bases in our study remained considerably smaller than those of similar local financial outlets, underscoring the need to ensure Sakhis are equipped for success. While employment as a Sakhi fostered feelings of social empowerment by increasing a sense of respect and agency, financial benefits for Sakhis enrolled in our study were limited. We hypothesize that this is because the Sakhis in our study were paired with a bank that had a limited local customer base.

Through further analysis of these data, complemented with recently-conducted household surveys, we will explore the Bank Sakhi program's impacts on local communities and financial markets, particularly with respect to female community members' financial activities and broader gender norms and attitudes. We also aim to understand the specific challenges faced by Sakhis in scaling their businesses more thoroughly.

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AUTHORS

Gariyasi Garg, Postgraduate Associate, Yale Economic Growth Center

Erik Jorgensen, Senior Research and Policy Manager, Yale Inclusion Economics

Charity Troyer-Moore, Research Assistant Professor, The Ohio State University | Scientific Director – India, Yale Inclusion Economics

Simone Schaner, Associate Professor (Research), University of Southern California | Scientific Director – Gender, Yale Inclusion Economics

Rohini Pande, Henry J. Heinz II Professor of Economics, Yale University | Faculty Director, Yale Inclusion Economics

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Inclusion Economics' network of researchers ask how policy can promote inclusive and accountable states, markets, and societies; and how citizens — especially the marginalized — can gain influence to make political and economic systems more responsive to their needs. Inclusion Economics at Yale University (YIE) is a collaboration between the Economic Growth Center and the MacMillan Center. The Inclusion Economics network spans YIE, Inclusion Economics India Centre at the Institute for Financial Management and Research (IFMR), Inclusion Economics Nepal at Governance Lab, and exploratory engagements in Sub-Saharan Africa.



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To get in touch with us, please send an email to Inclusion Economics India Centre at ieic@ifmr.ac.in.