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Financial Inclusion and Gender Gaps: A Review of the Literature

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Abstract

The inclusion of women in various sectors of the economy is increasing, the financial sector is considered one of the bases for economic growth, which makes the inclusion of women in the sector indispensable. The objective of the research is to analyze the scientific findings of studies on financial inclusion and gender gaps. The methodology is based on a bibliometric analysis of the topic of financial inclusion and gender gaps. For this purpose, a bibliographic exploration has been carried out regarding the study variables, in the Scopus database, through search arguments, the analytical review of the most notable documents of the data, identifying approaches, methodologies, theories, the relevance of the variables, the impact on economic development and women's economic empowerment; as well as the existing gender disparity in the financial system. Finally, it is concluded that there is no established theory on women's financial inclusion; however, there is an active concern on the part of governments to create the conditions for it to be an important tool for women's empowerment.

Keywords: Financial inclusion, financial system, gender gap, empowerment, gender gap, empowerment

Introduction

In recent years, the important role of women in the balanced growth of society has become evident; since the 1980s, many studies have focused their concern on the inclusion of women in different sectors. Gender gaps are still present despite the progress that has been made and the inclusion policies that do exist are not applied correctly.

The purpose of this research is to analyze the scientific findings of studies on financial inclusion and gender gaps. In this regard, the importance of this research stands out because the findings will allow states or governments to implement or improve public policies for the inclusion of women

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in the financial system. Methodologically, it is justified by the need to integrate the academic evidence of the variables under study.

Grohmann et al. (2018) consider that the importance of financial inclusion lies not only in the use of and access to the financial system but also in proper financial literacy. Likewise, Mukong et al. (2020) consider that any policy action aimed at improving the level of financial inclusion of women should focus on improving their level of financial literacy, measured through knowledge of and access to financial institutions.

According to the research of Federico and Garcia (2019), they consider that access to and use of financial services allows a woman to become economically independent and develop fully. Other obstacles limit and slow down their development, such as gender discrimination, violence, harassment, and sexual abuse, among others. Women's empowerment is based on their degree of participation in the financial system and therefore in the economy.

Hendriks (2019) states that financial inclusion is a key pillar of women's economic empowerment and closing the gender gap in the system improves the quality of life and livelihoods of millions of women around the world.

Furthermore, in Ghosh and Chaudhury's (2019) study, the empirical findings suggest that women are significantly less likely to be financially included compared to the male population and according to the statistical evidence obtained it is revealed that socioeconomic conditions largely explain the existing gender gap in India.

In this way, financial inclusion becomes important because it promotes economic growth by reducing the level of poverty in a country; however, the inclusion of women becomes especially important because there is an economic and social component that has an impact on long-term social welfare. Internationally, there are male biases that prevent women from having equal opportunities, as well as legal and cultural factors that restrict women's autonomy in economics and decision-making. Therefore, reducing the gender gap in financial inclusion has become a challenge faced by different countries.

Materials and Methods

The methodology used is the bibliometric analysis and the analytical review of the study phenomenon, financial inclusion, and gender gap. In this regard, López et al. (2009) point out that bibliometric analysis "consists of applying mathematical and statistical foundations to written sources found in databases containing metadata and elements such as authors, publication title, type of document, language, abstract and keywords or descriptors". This analysis makes it possible to identify authors, countries, types and years of publication, institutions, and types of publication and has been used very frequently in recent years.

For the bibliographic exploration on the topic of financial inclusion and gender gaps, the search argument used in the Scopus database was applied in July 2022 with the following structure:

(TITLE-ABS-KEY ("financial inclusion") OR TITLE-ABS-KEY ("financial system") AND TITLE-ABS-KEY ("gender gap") TITLE-ABS-KEY ("women's development") OR TITLE-ABS-KEY ("empowerment"). A total of 142 records were identified and subjected to bibliometric analysis, considering the evolution of publications per year, per author, per area of knowledge, and country.

The data was analyzed using the VOS Viewer program, which was used to analyze the co-occurrence of keywords, and a search was carried out on the topics associated with financial inclusion and gender gaps. The second stage was carried out through an exhaustive analytical review of the most relevant documents of the data, identifying approaches, methodologies, theories, the relevance of variables, impact on economic development and women's economic empowerment, as well as the existing gender disparity in the financial system.

Results

This section presents the results of the bibliometric analysis of the topic of Financial inclusion and gender gap, which has been organized using information from the Scopus database, the search arguments being those indicated in the methodological part of this research; this has allowed capturing the metadata that allows the following analysis.

Concerning publications (Figure 1), it can be observed that research has been presented since 1996, generating an increasing trend, with the period from 2015 to 2020 being the period with the highest number of publications. The year 2019 stands out with the highest number of publications (33); up to the first semester of the year 2021, 21 research have been published concerning the topic under study.

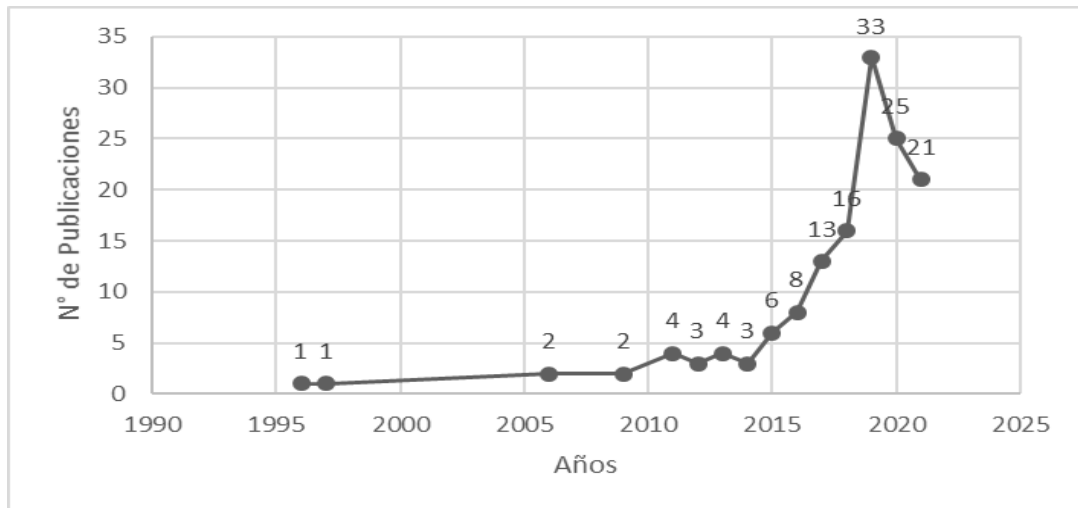


Figure 1: Annual publications in Scopus 1996 - July 2021

Figure 2 shows the publications by country during the 1996 period, with the South Asia region

having the largest number of publications overall, with India in first place with 38 publications. A second block is made up of the USA with 24 and the United Kingdom with 20, followed by Australia with 8 publications, Bangladesh and Malaysia with 6 each, and Canada, China, Germany, and South Africa with 5 publications each. In Latin America, there are few publications in Mexico (three), Brazil (2), Colombia (1), and Bolivia (1).

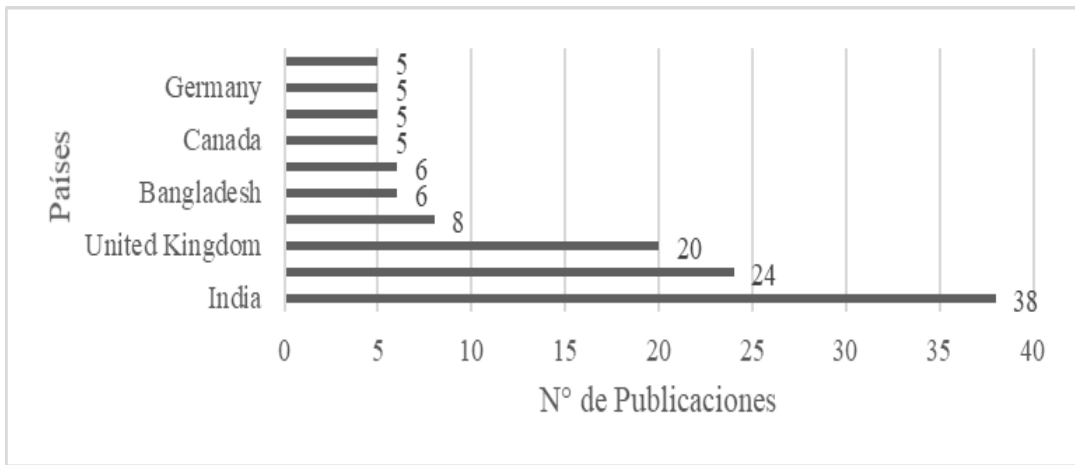


Figure 2: Publications by country 1996 - July 2022

Note: The 10 most relevant countries in publications out of a list of 50, taken from Scopus, are presented.

Concerning publications by type of document, Figure 3 shows the prevalence of the publication of articles; of the 142 research papers, 118 are articles, 7 are book chapters, 7 are conference papers, 7 are reviews and 2 are books.

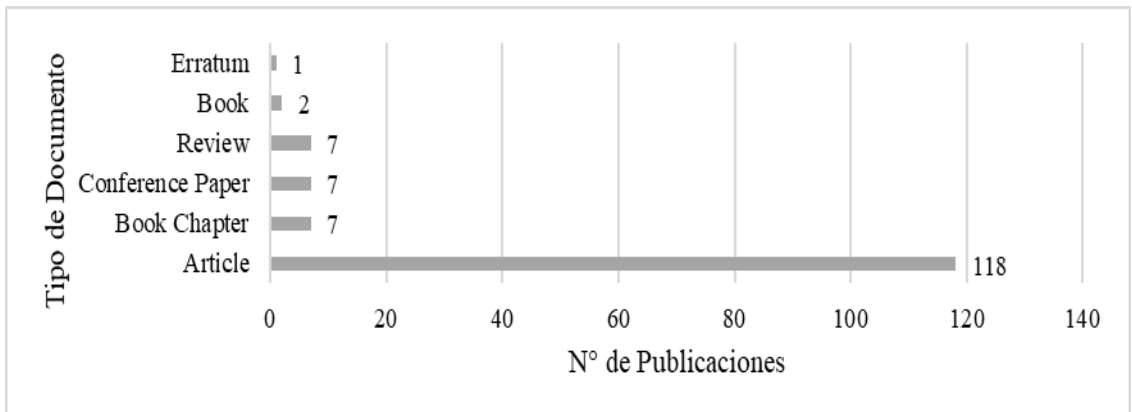


Figure 3: Publications by type of document 1996 – 2022

Source: Scopus database

Figure 5 shows the publications by area of knowledge and shows that different sciences have published on financial inclusion and the gender gap; thus, the area of social sciences stands out with 78 publications, economics with 47, and administration with 40 publications.

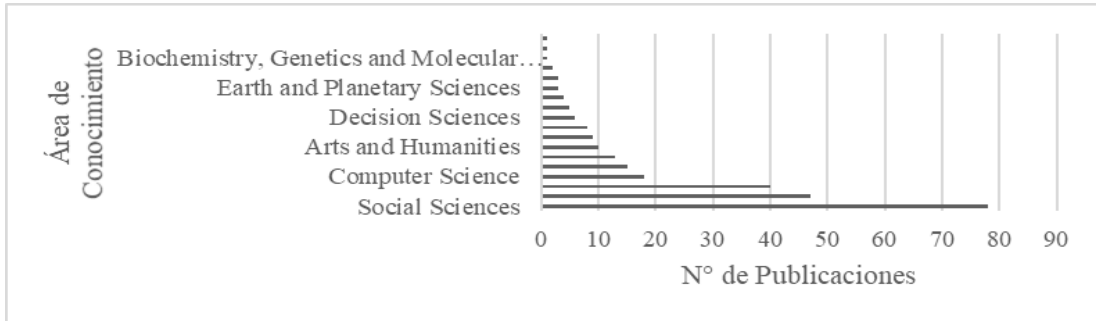


Figure 4: Publications by area of knowledge 1996 – 2022

The present study also shows the marked trends that reflect the interest in the study of the topic of financial inclusion; the semantic map (Figure 5) shows the semantics of this conceptual theoretical approach. Sub-themes such as savings, income, education and/or financial literacy, microfinance, and women's empowerment stand out. The countries with the most research are India, the United States, and the United Kingdom.

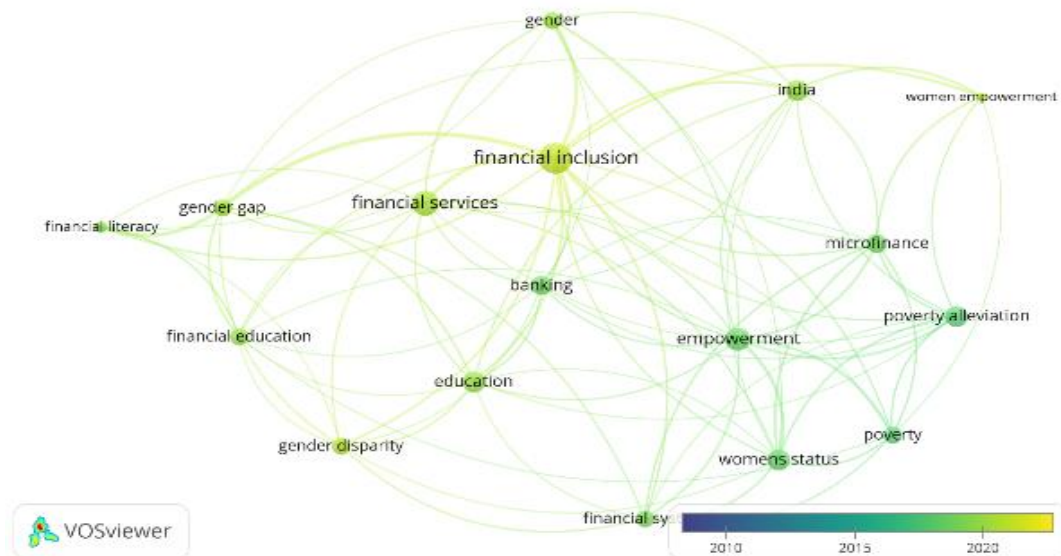


Figure 5: Semantic map on the study of Financial Inclusion and the gender gap

Source: Scopus database processed with VOSViewer free software.

Discussion

The analysis begins with the bibliometric review of financial inclusion, taking as a sample the publications on the topic in the Scopus database. In this regard, Calderón et al. (2014, p. 9) point out that the state of the art is a reference to assume a position regarding the research topic, becoming a scientific contribution, being the most important input that will start the investigation.

Information for bibliometrics has been obtained using a basic search protocol, with key terms and relevant Boolean connectors.

According to the analysis, it can be affirmed that research on the phenomenon of study began scarcely in the year 93, then in 2003, and 2011 then begin with greater interest in the years 2016 onwards, from there the concern for financial inclusion as part of poverty reduction and economic growth, continues to generate a growing trend in the research.

The countries with the highest interest in research are India, the USA, and the United Kingdom, followed by Bangladesh, Malaysia, Canada, and others. Of the research analyzed, the areas of study that show the greatest interest are social sciences (39.4%), followed by business and administration (18%), economics (15%), and others that participate to a lesser extent.

Al-Bahrani et al. (2020) and Hendriks (2019) consider financial inclusion as the cornerstone of household economic well-being, the research found a gender gap in financial literacy, determined by university education, in which women underestimate their skills relative to men, particularly in the areas of mathematics and decision-making. Financial inclusion is therefore a key pillar in women's economic empowerment, closing the gender gap in the system and improving the quality of life and livelihoods of millions of women around the world.

In India, Banerjee's (2020) study identified gender disparities in financial literacy levels; the population consisted of 24 people from southeast India; the findings show that financial literacy is lower among women from low-income families, as well as among women who are not media literate. It also concludes that financial literacy improves with the use of media. Similarly, in Ghosh and Chaudhury's (2019) study, empirical findings suggest that women are significantly less likely to be financially included compared to the male population, and according to the statistical evidence obtained it is revealed that socio-economic conditions largely explain the existing gender gap in India.

Federico and García (2019) consider that access to and use of financial services leads women to economic independence, as well as their development. It was identified that the obstacles that circumscribe and placate their development are gender discrimination, harassment, and physical and psychological violence. The importance of being included in the financial system and the economy lies in the fact that it is considered a vital part of achieving women's empowerment in modern society.

According to Cardona Ruiz et al. (2018), through an econometric version fed with 2014 statistics

from the World Bank Database - Global Findex, graduated gender differences in phrases of economic inclusion in Colombia, being these: "a) access to the services of an adequate monetary institution, b) active use, and c) lively use of occasional and informal financial services". In general terms, it is evident that being a woman has a negative impact on a person's inclusion within the formal financial system, the experience of "financial inclusion" as the access to and effective use of formal financial services.

Saviano et al. (2017) consider women's financial inclusion as a critical element for the competitiveness of the Middle East and North Africa (MENA) market for entrepreneurship and sustainable development in the region because lending by MENA financial institutions to women-owned SMEs tends to be significantly lower than the number of women-owned SMEs in their target markets. Research by Grohmann et al. (2018), consider that the cornerstone of financial inclusion lies in financial literacy; the marginal effect of financial literacy on women's access to finance is greater at lower levels of financial literacy, but the marginal effect of financial literacy on that of financial services is greater at higher levels of financial literacy. Similarly, Arellano (2017) points out that financial education plays a key role in helping the efficient management of individual finances, improving economic behavior, and thus the quality of life of individuals.

Several types of research show that there is a gap between males and females, generally related to cognitive aspects; however, this research also explores the level of non-cognitive skills (self-confidence, motivation, and perseverance). The results show that taking into account non-cognitive skills will reduce the differences between boys and girls by 20%, the role of non-cognitive skills is important, because, policymakers should take into account both to increase financial literacy and to reduce the gender gap. Skills alone do not explain an individual's financial decision-making, but they are only part of the story. Thus, from a policy perspective, at all levels, improving financial literacy is useful for improving financial inclusion.

The evidence of women's participation in the financial system in India, as shown by Okesina (2021), postulates microfinance as a scheme for financial inclusion and poverty reduction; in this scheme, solidarity and group loans are targeted at women because, among other reasons, they are people with greater integrity and knowledge of the reality of households. Musken et al. (2022) consider that the level of income and participation in decision-making at the household level has a positive and significant impact on women's empowerment, and this is achieved through financial inclusion.

In Peru, financial inclusion is a topic that has attracted research attention in recent years, generally motivated by its association with the reduction of inequalities, gender empowerment, and the development of micro and small enterprises (Zamalloa, 2017). This same study covers the phenomenon from a multidimensional view that contemplates access, use, trust, and current regulation. The research findings indicate that financial education is an influential positive factor, but it also considers wealth and access to public services as decisive factors.

So also the study by Marr et al. (2014), the study seeks to know the factors that explain the degree

of financial inclusion in microfinance institutions in Peru, the findings show that the statistically significant determinants are related to the value of assets and their maturity given by MFIs, also highlights the importance of partnerships between MFIs and financial institutions (Banco de la Nación) that allows greater access to the system by the great potential of customers in unbanked areas.

According to the report of the multisectoral commission on financial inclusion, it has been possible to identify limitations in both supply and demand, of which on the supply side are infrastructure, connectivity, concentration in urban areas, and costs, among others, and on the demand side distrust, limited access to information, low level of financial education; all this results in a large segment of the population not financially included (Comisión Multisectorial de Inclusión Financiera, 2015).

After the analysis of previous studies in the different contexts mentioned above, they confirm the importance of the phenomenon under study, which starts from the concept of serving vulnerable populations in order to overcome poverty and expands to the relationship between financial inclusion and economic development, seeking to improve people's quality of life.

Previous research also considers the phenomenon under study from the multidimensional aspect, which is made up of demand, supply, perception of quality, and the regulations that frame and protect consumers. However, the importance of informal services of financial inclusion is also recognized which is seen as a consequence of rational and optimal decision-making, in addition of course to the financial exclusion of which they are part; then we can define three types of demanders of the financial system; those who are included - they are part of the system-, those who are not included - they make use of the informal system-, and those who are excluded - isolated by the system (Zamalloa, 2017).

Conclusion

There is a scarcity of systematic literature reviews to understand the overall picture of the literature in the analysis. This article is an attempt to conduct a structured literature review of the literature to identify the factors affecting women's financial inclusion, the associated gender gap, and the importance of promoting greater financial inclusion for women. Literature reviews are important for mapping the existing landscape of a study problem and developing further knowledge. The inclusion of the affected population allows the government and the private sector to design effective policies focused on increasing financial inclusion in the country and reducing the barriers that limit it. Currently, there is no established theory on the financial inclusion of women, even though the importance of promoting it as a tool for empowering excluded organizations has been highlighted. Several studies prove the relevance of the impact of reducing the financial exclusion of women; therefore, it is concluded that there is a vital gender gap and that it is essential to implement measures to promote the participation of women in the financial sphere, to improve their socioeconomic situation and their level of satisfaction, to enable them to develop in the

exceptional environments of everyday life.



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