

# An Account of One's Own:

## Can Targeting Benefits Payments Address Social Constraints to Labor Force Participation?

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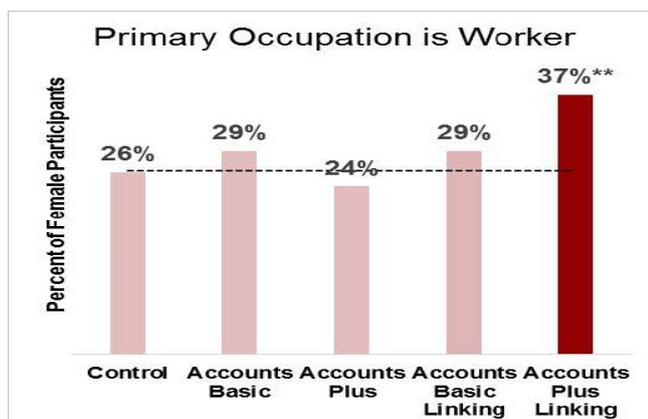


Delivering G2P payments to women's individual accounts with basic account training increases women's LFP in India

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### Topic at a Glance

In collaboration with the state government of Madhya Pradesh, we experimentally varied whether women's wages from India's public workfare program were deposited into female-owned bank accounts instead of into the male household head's account (the status quo). This treatment increased women's work, both in the program and in the private sector, despite no change in market wages. Treatment effects are concentrated among two groups of women: those who had not previously worked for the program and those whose husbands disapprove of women working. These results are at odds with a model of household behavior in which labor force participation decisions only depend on wages and own-preference for leisure. Instead, we argue that they are consistent with a model in which gender norms internalized by men limit women's labor market engagement.



*Caption:* Directing G2P payments into women's individual bank accounts, along with basic training on how to use the account, increases women's self-identification as a worker, rather than housewife.

### New Insights

Can directing government payments to individuals, rather than households, significantly change women's economic activities in settings with strong norms against women's mobility and work outside the household? We test a change to the Indian direct benefits transfer system that aimed to pay individual payments to women when they worked for the government's major workfare program, MGNREGS, rather than to a status quo household account, in order to understand how this change impacts women's economic activity and household relationships.

In late 2014, we worked with two major banks in central Madhya Pradesh, India, and randomly assigned 197 different localities (Gram Panchayats) to one of the following five interventions:

- Control - Status quo: No interventions were conducted with this group.
- Accounts Basic - Our research team targeted eligible women and helped them open an individual bank account located at a community banking kiosk.
- Accounts Plus - Eligible women opened an individual bank account and received basic financial training to help them understand how to use their accounts more effectively.
- Accounts Basic Linking - Eligible women opened an individual bank account and their account was linked such that they received their MGNREGS wages in their newly-opened community-based bank account.
- Accounts Plus Linking - Eligible women opened an individual bank account, their account was linked to their MGNREGS wages, and they received basic financial training.

Between August and December 2015, eligible households were surveyed on topics including bank account ownership and banking activities, participation in MGNREGS, and private sector labor force participation.

### MAIN FINDINGS

We find that the most intensive treatment, opening accounts plus linking to MGNREGS workfare wages and providing basic training on how to use the account, has transformative impacts

on women's lives.

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#### Lesson 1: Women Become More Financially Active

- Women in all the treatment groups were twice as likely as women in the control group to report having an individual account.
- Women assigned to the Accounts Plus Linking group were more than twice as likely to have visited their account in the past 6 months.
- Women assigned to the Accounts Plus Linking group self-report nearly 60% higher bank balances.

Through a partnership with a major bank and the consent of our respondents, we were also able to obtain and analyze administrative bank data to track account usage over the course of our intervention.

- Women assigned to the Accounts Plus Linking arm received more MGNREGS workfare payments in their bank accounts.
- Women assigned to the Accounts Plus Linking arm have higher average daily account balances than women in all other groups.

#### Lesson 2: Women Work More for MGNREGS and in the Private Sector

- Women assigned to the Accounts Plus Linking group were significantly more likely to have worked more both for and outside MGNREGS.

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## Policy Recommendations

At a time when Indian women's labor force participation is lower than that of all other G20 countries other than Saudi Arabia, ensuring women can access their benefits transfers presents a strategy not only to help them engage more effectively with the formal financial system, but also to empower them in their households and the broader economy. Our future work will focus on understanding the longer-run implications of targeted DBT transfers in altering household bargaining, norms related to women's economic empowerment, and labor force participation. Complementary strands of research will study how to ensure workers receive their wages in a timely manner and how to ensure workers are informed when deposits arrive in their accounts.

## Limitations

These results examine relatively short-term impacts of the interventions; data on longer-term results are necessary to better understand whether impacts evolve over time and how this may affect specific policy recommendations.

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