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Financial Inclusion Of Differently-Abled People – A Study With Reference To West-Bengal

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ABSTRACT

Financial inclusion has been defined as “the process of ensuring access to financial services, timely and adequate credit for vulnerable groups such as weaker sections and low-income groups at an affordable cost”. (Committee on Financial Inclusion - Chairman: Dr C Rangarajan, RBI, 2008). India being a signatory since 2008 to the UNCRPD (United Nations Convention On the Rights of Persons with Disabilities) has an international obligation to promote, defend and reinforce human rights of the disabled. Financial inclusion is considered as a powerful tool for economic and financial independence of vulnerable group of differently-abled people who are often subjected to marginalisation and poverty. The study is undertaken on a sample of 200 individuals from the state of West-Bengal, India to draw comparative picture on how far the financial/banking services are accessible and are used/utilised equally among differently-abled and non-differently-abled people . Thereby introspecting on the level of financial inclusion in differently-abled people(Pwd) and also analysing their role in financial decision making at home.

(Keywords: Financial inclusion, differently-abled people, financial autonomy in decision making)

INTRODUCTION

Financial inclusion is the process of ensuring equal access and availability of financial products and services by all sections of the society and proper usage of these services to meet their present and future financial needs. The concept works on the economic principal of demand and supply balancing each other effectively to reach parity. Here the supply side reflect the easy and convenient availability of financial products and services , whereas the demand side reflect capability of individuals(or business) to use these services for their betterment effectively.

The Right of Persons with Disabilities Act, 2016 states that ‘person with disability’ or ‘differently-abled person’ means a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his/her full and effective participation in society equally with others. As per the report of the World Bank dated 4th of April, 2019, one billion or 15% of the world's total population experience some form of disability and are often subjected to marginalisation and discrimination.

The Jan Dhan Yojana initiative by the Indian government had been path-breaking initiatives owing to which majority of Indian households have a bank account now but a range of unfavourable factors continue to restrict financial inclusion of certain sections of society, especially the differently abled.

Financial autonomy is the enjoying the authority and bearing the responsibility of financial decision making at home simultaneously. Financial autonomy gives a sense of belongingness and self-confidence to an individual. The principal aim to broaden the horizon of financial inclusion among every member of the society especially differently-abled persons is because it would give them an opportunity to participate actively in decision making at home give them autonomy and also help them secure a better social acceptance.

The paper is an attempt to study with respect to the selected sample from West-bengal how far the differently-abled persons(Pwd) are financially included, what factors affect the supply and demand of financial and banking services and how financial autonomy is linked with financial inclusion of an individual.

Rationale of the study

Equal Awareness and accessibility of financial & banking services are a bare necessity to ensure full inclusive participation of all segments of the country in the economy and thereby establishing financial independence. Reserve Bank of India with this vision has issued directives (as per RBI report published on 9/11/2017) to make banking and financial services easily accessible to all differently abled people with initiatives like:

1. Dedicated counters and preferences to differently abled people
2. Automatic conversion of status of accounts
3. Designated disability friendly ATMs
4. E-services to facilitate visually impaired i.e., making the web pages disability friendly
5. Easy access of loan and financial services
6. Convenient ramps and sitting arrangements etc.

The study makes an attempt to check the factors contributing towards accessing and utilising the financial and banking services by differently abled people at par with not differently abled people. The findings would also introspect how financial inclusion impact financial autonomy.

Literature review

1. **Vogelzang (2018)** in his thesis named “Disability is not inability, A case study of empowerment of young persons with disabilities in Zambia” conducted a qualitative study to understand the extent of empowerment of PWD youth of Zambia through implementation of the Young Voices project. The research concluded that although the program significantly contributed to strengthening the internal empowerment of the young Pwd’s, the impact of the program in terms of external empowerment remained limited.

2. **Grooce (2015)** in the paper “Adolescents And Youth With Disability : Issues And Challenges” opined millions of young people between the ages of 10 and 24 are disabled and only a small percentage of these currently have lives or will have futures as rich as those of their nondisabled peers. These individuals’ physical, intellectual or mental health impairments are not what will hold them back. While specific policy, programmes and initiatives for disabled young people will vary from one culture to other the expectations of young people in general must be assessed in light of social and cultural expectations.

3. **Kembhavi (2015)** in her research thesis titled “Perceptions of participation and inclusion among adolescents with Disabilities: Experiences from South India” regarding quality of life (QOL) of adult Pwd’s (APWD) found out no differences between AWD and parent-proxy scores. However differences exist in QOL scores between AWD and their peers. Analysis revealed three key themes that influence the perception of Participation and Inclusion among AWD. These are: 1) Personal Factors; 2) Interpersonal Relationships; and 3) External Factors. Belief in themselves and parental support were two key facilitators of participation. Negative attitudes of others, physical barriers and poorly implemented legislation were significant barriers to participation

4.. **Cherchas (2014)** in her research work titled “Reducing Barriers and Increasing Inclusion of Persons with Disabilities: A Comparative Case Study of Two Post-Conflict Nations, Cambodia and Sierra Leone” found from Cambodia and Sierra Leone that despite important policies and laws intending to support persons with disabilities, there is a void in implementation and monitoring, contributing to discrimination and marginalisation.

5.. **Abigail McKnight (2014)** in the research paper “Disabled People’s Financial Histories: Uncovering The Disability Wealth-Penalty” on the basis of the empirical research concluded that disabled people and the households in which they live are at a disadvantage in terms of wealth holdings. The paper through statistical analysis demonstrated that the average difference in household net wealth and financial assets between disabled and non-disabled people increases with age.

Research Gap

Very few studies with respect to financial inclusion of differently-abled persons have been conducted in recent times in West-Bengal. The study is thus an attempt to fill up the void.

Research objective

1. To identify the factors impacting accessibility and usage of financial/banking services.
2. To study if banking and financial services are equally accessible by both differently-abled and non-differently abled persons.
3. To study if usage of the banking and financial services are at par for both differently-abled and non-differently abled persons.
4. To find out the impact of financial inclusion on financial autonomy.

Background of the study

Research methodology

A. Research question

Research Question 1: Does accessibility of financial/banking services have a significant relationship with financial autonomy?

Research Question 2: Does usage of financial/banking services have a significant relationship with financial autonomy?

Research objective 3: Does disability status has a significant relationship with financial autonomy?

B. Research Design

a. Nature of study

The study follows an Inductive Research Approach where a specific observation of 200 individuals are studied and on the basis of pattern of behaviour observed the evidences are statistically tested to draw a generalised broader conclusion on financial inclusiveness of differently-abled people in West-Bengal . To study the identified propositions, an empirical study has been conducted.

b. Data Source

Both primary and secondary sources of data have been used for the purpose of the study.

b. 1. Primary data source:

Primary data has been collected through questionnaire the first part of which (demographic part) have been designed as per Washington Group of Short Questions on Disability statistics and the second part would be structured by the author, administered on a sample of adult individuals (mixture of both Persons with and without any Disability) drawn on simple random sampling basis in West Bengal. A 5 point

Likert scale have been used for studying the extent of accessibility of financial and banking facilities and there level of utilisation.

Reliability is the measure of internal consistency of the constructs in the study. A construct is reliable if the Alpha(α) value is greater than .70(Hair et al,2013). Constructs reliability was assessed using Cronbach's Alpha . The results revealed that the accessibility and usage scale with 11 items ($\alpha=.905$) is found to be reliable.

Reliability Statistics

Cronbach's Alpha	N of Items
.905	11

b. 2. Secondary data source:

Secondary data has been collected from published electronic disclosures and annual reports from the official websites of:

- ❖ Ministry of Social Justice and Empowerment, Government of India
- ❖ Department of Child Development, Women Development and Social Welfare, Government of West Bengal
- ❖ Rehabilitation Council of India.
- ❖ Various official bulletins and research papers and journals on disability and inclusive development etc.

C. Research Tool

For the purpose of the study different factors were identified reflecting financial inclusion. In order to summarize the variables an exploratory factor analysis is applied.

Factor analysis is a method for investigating whether a number of variables of interest $Y_1, Y_2, \dots, Y_n$ are linearly related to a smaller number of unobservable factor $F_1, F_2, \dots, F_n$ (available at <http://www.yorku.ca/ptryfos/f1400.pdf>) . Factor analysis is a general name denoting a class of procedure primarily used for data reduction and summarization(Malhotra,.;2011).

The Exploratory factor analysis gave us two distinct factors (access of financial/banking services and usage of financial/banking services) explaining 74.942% of the variations in the entire data set.

In order to analyse the effect of disability status, gender and financial inclusion (studied through the two factors accessibility and usage of financial/banking services obtained through EFA a binary logistic regression is undertaken.

Analysis of data

For conducting Factor analysis certain preconditions needs to be fulfilled and examined to ensure the appropriateness of the technique .So the following tests are conducted which ensured the applicability.

Table:3.1 : Reliability test: Measuring the internal consistency and reliability of the data constructed

The question of reliability addresses the issue of whether this instrument will produce the same result each time it is administered to the same person in same setting (George,2009). This is done by determining the association between the scores obtained from different administration of the scale. If the association is high the scale yields consistent results , thus it is reliable. Cronbach Alpha is an important and widely accepted tool used to measure reliability of a construct. Alpha varies between 0 and 1 (George,2009).The closer to 1 the better the internal consistency. The reliability value obtained is 0.905 which is a good measure.

Reliability Statistics

Cronbach's Alpha	N of Items
.905	11

(Source: SPSS v 20)

The appropriateness of the construct is determined in terms of Kaiser-Meyer-olkin(KMO) measure of sampling adequacy and Barlett test of sphericity in the terms of presence of significant correlation among variables. The results obtained shown below:

TABLE1.1:KMO AND BARLETT'STEST

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.869
Bartlett's Test of Sphericity	Approx. Chi-Square	2017.668
	Df	55
	Sig.	.000

As per table 3.2 The Kaiser-Meyer-Olkin is above 0.6 (0869)specifying appropriateness of factor analysis and the Barlett's test of sphericity (p value <0.05) is also found significant.

TABLE1.2: FACTOR ANALYSIS RESULT

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.069	55.172	55.172	6.069	55.172	55.172
2	2.175	19.770	74.942	2.175	19.770	74.942
3	.832	7.563	82.505			
4	.534	4.851	87.356			
5	.371	3.373	90.729			
6	.319	2.900	93.629			
7	.189	1.715	95.344			
8	.168	1.530	96.874			
9	.139	1.267	98.141			
10	.119	1.079	99.220			
11	.086	.780	100.000			
Extraction Method: Principal Component Analysis.						

Table1.3: Factor and its constituents

SL NO	FACTOR NAME	EIGEN VALUE(%VARIANCE)	LOADING	CONSTITUENT VARIEBLES
1	Accessibility to financial products/services	6.069(55.172)	.910	Distance to the bank and cost effective
			.924	Confidentiality(Trust)
			.840	Documentation identification
			.816	Availability of ATM
			.799	Insurance service
			.874	e-banking
			.776	Availability of branches
			.723	Bank charges(affordability)
2	Usage of financial products/services	2.175(19.770)	.603	Loan taken
			.748	Depositing or withdrawing cash
			.806	Investment

A total of two factor have been extracted through factor analysis. In total these factors represent 74.94% of variance.

Variables like distance to bank, confidentiality, documentation availability of financial/banking services(like ATM, insurance, branches) and cost effectiveness reflect the supply side or level of accessibility and awareness of financial inclusion.

Whereas, variables like loan taken, deposit/withdrawal services availed at bank and investment made through bank represent the demand of financial/banking services or level of usage.

Together both the factors explain 74.942% of the variations in the entire data set.

Financial autonomy or the power to take independent financial decision is a desired outcome of financial inclusion. It makes an individual resilient, independent and enables him/her to participate in the economy more confidently along with enhancing his/her social acceptance.

For the purpose of the study impact of financial accessibility, financial usage and disability status have been studied as predictor variable (independent variable) on dependent variable financial autonomy.

1. Null hypothesis (H_0): Financial/banking accessibility, usage and disability status have no significant effect on financial autonomy of an individual.

Alternative hypothesis (H_1): Financial/banking accessibility, usage and disability status have significant effect on financial autonomy of an individual.

Binary logistic regression was used to examine whether financial accessibility, usage and disability status were associated with the likelihood of having financial autonomy.

A preliminary analysis suggested that the assumption of multi collinearity was met (tolerance=.93).

The model was statistically significant $\chi^2(2, N=200)=120.607, p<0.000$, suggesting that it could distinguish between those with financial autonomy and without financial autonomy.

The model explained between 45.3% (Cox & Snell R square) to 61.1% (Nagelkerke R square) of the variance in the dependent variable and correctly classified 87.5% of the cases. The Hosmer and Lemeshow test was found to be insignificant ($p=.401$) thereby depicting a good model fit.

As shown in Table 2 accessibility and disability status and not usage of financial/banking services significantly contributes to the model. For the purpose of study we have considered the output of step 1 and not step 0 as the later does not consider the dependent variables while calculating the output.

Table2: BINARY LOGISTIC REGRESSION ANALYSIS

Independent variables		B	S.E.	Wald	Sig.	Exp(B) Odds ratio
Step 1 ^a	FAC1_access	1.802	.218	68.605	.000	6.064
	FAC2_usage	.221	.181	1.486	.023	.802
	Disability status(1)	-4.777	1.544	9.573	.002	18.701
	Constant	.562	.204	7.631	.006	1.755

a. Variable(s) entered on step 1: FAC1_access, FAC2_usage, disability status.

The odds ratio for a variable in logistic regression represents how the odds change with a unit increase in that variable holding all other variables constant.

The factor financial accessibility odds ratio of 6.064 suggest that for every increase in financial accessibility participants are 6.064 times more likely to be financially autonomous.

The factor financial usage odds ratio of 0.802 suggest that for every increase in financial/banking service usage participants are .802 times less likely to be financially autonomous.

The factor disability status (where code 1 depicts differently-abled persons) odds ratio of 18.701 suggest that a change in status of disability from differently-abled to non-differently-abled participants are 18.701 times more likely to be financially autonomous.

FINDINGS AND CONCLUSION

Any physical disability or intellectual restriction should not be a detriment in access to full participation in the economy.

However the study throws a light towards scenarios where disparity exists in accessing the banking and financial services and also its usage, which hints towards looking at the problem from grass root level being-

1. Disparity embedded in accepting disability as not a failure but just a physical restriction.
2. The extent of financial inclusion among differently-abled persons is much lesser than non-differently abled persons.
3. Banking/financial services are not equally accessible by both differently-abled and non-differently-abled persons, i.e.; the supply side of the market need to reinforce financial inclusion initiatives at a higher scale.
4. Proper infrastructural facilities could help the differently-abled people to overcome these restrictions
5. Banking facilities are not used by both the groups equally in fact majority of non-differently-abled persons have a higher mean score indicating. Thus indicating not only access but awareness and readiness to use these services are much less among non-differently-abled persons.
6. Financial accessibility significantly and positively impacts financial autonomy.
7. Disability status negatively impacts financial autonomy.
8. Government initiatives at creating awareness among society for usage enhancement is much needed.

And most importantly self-awareness towards the right and facilities among differently-abled people themselves would definitely bring in a brighter picture.

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