Periodicals of Management Studies
pISSN 2790-8747, eISSN 2790-8755
Volume. 5, Issue 3, 2025

Role Of Woman Financial Inclusion In Bridging The Gender Gap And Its Effect On Woman Empowerment In Pakistan

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Received: July 2025 **Accepted: September 2025** **Published: September 2025**

Abstract

Financial inclusion provides access to all individual for financial products e.g. bank accounts, mobile banking, credit and other financial services. Researchers suggest that an inclusive financial system provide economic strength. Men and women should be equal pillars of society but situation of gender gap in Pakistan is worsening. Data from world economic forum's global gender gap report 2024 shows that amongst 146 countries unfortunately Pakistan stands at 145th rank in terms of woman participation in economic activities. An effort has been made through the current research paper to find the role of financial inclusion in economic empowerment of woman in Pakistan. Financial inclusion plays an important role to reduce gender gap and it enhances woman economic empowerment. Secondary data (publication of SBP, research journal, newspapers and books) is used for this research. Descriptive and inferential statistics were used to analyses the data. The research study identifies that financial inclusion of woman is quite challenging in our circumstances. Key barriers for their financial inclusions are lack of financial literacy, limited access to financial services, mobile ownership, access to internet and social & cultural constraints. Frosting financial inclusion is not only matter of gender equality but also an economic need of Pakistan.

Keywords: Financial inclusion. Gender gap, Woman empowerment.

INTRODUCTION

Financial inclusion means to have access the individual to financial services. It provides strength to economy and reduce poverty. Financial inclusion provide opportunity to individual for participation in economy of country. The data from World Bank shows 10% increase in financial inclusion can improve 1%-2% increase in GDP (World Bank's global financial development report 2014). Researches indicates there is positive correlation between economic growth and financial inclusion. It is beneficial for either the gender but in Pakistan there is a significant gender gap for accessing the financial services. According to data of year 2023 in Pakistan around 64% of adult population but only 43% of woman are using bank account. Only 36% of woman's population are engaged in economic activities. This data was published in Daily Dawn on January 14, 2025 based on data by State bank of Pakistan.

Women Financial Inclusion

Woman financial inclusion refers to provide woman with access to financial products and services. It is not only related with gender equality but also a catalyst for economic empowerment and growth of GDP. World Banks data reveals that 29% of adult woman are bank account holder as compare to 81% of man. The situation is even worse when it comes to digital financial services as only 2%all adult women are availing this service as compared to 17% of all adult man.

Gender Gap

Global gender gap ranking shows Pakistan at 142 amongst 146 countries. Our gender parity score is 57.5%. All other important factors have similar situation economic participation and opportunities ranked 143, political empowerment 112, education attainment 138 and health & survival 132 data by international agencies shows alarming situation in Pakistan. Data from world economic forum's global gender gap report 2024 shows that amongst 146 countries unfortunately Pakistan stands at 145^{th} rank in terms of woman participation in economic activities. Only 36% of woman's population are engaged in economic activities. World Banks data reveals that 29% of adult woman are bank account holder as compare to 81% of man. The situation is even worse when it comes to digital financial services as only 2%all adult women are availing this service as compared to 17% of all adult man. Data for employment shows 24% of woman participation in 2016 was decreased to 22% in 2021 while in same period man participation was 83% which remains same in this time period. An effort has been made through the current research paper to find the role of financial inclusion in economic empowerment of woman in Pakistan.

Women Empowerment

Deep study of different research articles identified some parameters for women empowerment Economic, socio-culture, interpersonal political legal and psychological factors are defined by Malhorta's research work (Malhotra Anju, 2002). Another study conducted by Soharwardi and Ahmad in 2020 for analyses of determinants of women empowerment in developing countries and researchers identified five dimension 1) women work status 2. Awareness 3. Participation in decision making 4.Self-esteem 5.Self-confidence (Soharwadi M A, 2020). Women empowerment has taken great attention globally but situation is worse in developing countries. An observer can identify the behavior of society towards women is not fair even her voice is not equal consider as man. It is essential for development process to eliminate gender inequality at household and societal level. Empowerment is multidimensional concept and has different aspect like national & international level, house hold & community with different domain like social, political and economic (Shazad, 2021).

Economic Development By Women Empowerment

Women empowerment as a concept introduced in 1985 at Nairobi in conference named "International Women Conference". United Nation Organization claimed 2001 as the "Year of Women Empowerment". Empowerment refers to the progression by which women acquire recognition and participate in development process of society by her choice. Financially empowered woman can invest in education, health and expenses of household. It will lead to improved human capital and economic productivity. Enhancement of woman financial inclusion has direct impact with growth of economy. Some researchers suggested that Pakistan economy can boost up economy if women empowerment increases. Empowerment provide greater access to resources, more autonomy in decision making, attainment of education and exploring opportunities. The women empowerment can improve economic activities, employment rate, professional training and house hold work with more decision power. For sustainable economic growth woman financial inclusion is great measure.

Purpose Of Study

Empowerment of women is crucial for betterment of society. It means women can equally participate in all activities like men. United Nation Organization has set an agenda 2030 for sustainable development and gender equality (goal 5) is important part of agenda. Women economic empowerment bring positive changes not at house hold only but it also effect on economy of country. This study highlights the present situation of Pakistan and identifying major factors which influences on women empowerment especially financial inclusion.

Research Gap

According to data by UNO one in every 10 women is living in extreme poverty. Gender inequalities in employment and job security result in gender gap. 73.5% women in job are not getting social protection like men (data from International Labour Organization (ILO), World Social Protection Report 2020-2). In Pakistan, women are significantly less than men to own or access financial services or products. There is a vast area of research to identify the factors for gender gap, less financial services access and its impact on women empowerment. To effectively address this research gap present study is designed.

Structure Of Paper

The paper analyses the present situation of women inclusion in Pakistan the introduction emphasize the concept of financial inclusion, gender gap , and its effect on women empowerment and economy of Pakistan. Literature review provide support to present studies. Work of distinguished researcher's identified the parameters of financial inclusion, gender gap in world and particularly in Pakistan then its effect on empowerment of women. Data from 2re019-2023 from financial sector is analysed. Results of previous researches are also examined to find out the correct situation of Pakistan. This study identifies the existing gender gap of acquiring financial inclusion and also highlight the major constraints for this issue. Recommendations are provided for betterment the situation.

Objective Of Study

The objective of study is providing a deep analysis of women financial inclusion and its relation with women empowerment. Importance of financial inclusion and women empowerment while minimizing the gender gap in Pakistan are major areas of research.

REVIEW OF LITERATURE

The research was conducted in Ghana about financial inclusion and women economic empowerment in Ghana by Barbara Ama Zelue and his colleagues. Level of education and employment rate positively influences on women empowerment. They highlighted the women's income increases if they have bank account. The paper used National representative data set of household females of Ghana and analysed the situation of country. The relation between access to formal and informal financial account and economic power of women had significant relation. They suggested higher promotion of formal banking is required particularly among women in rural areas. (Zelu B A, 2024).

Gender plays a significant role for accessing financial products. This gender disparity could be rooted in socio-culture in Pakistan, where financial inclusion often differs evidently between men and women. Age also play as determining factor as younger individuals have a reduced like hood for financial products. Income is another important factor so poorer individual have limited access to financial inclusion. The gender based data shows that women are less like hood for using financial products or services. Researchers believed uncertainty of job security is the major reason and their study described "this could be the condition of job of women, often characterized by unstable job that do not facilitate financial inclusion. As compare to men, job appear to boost the like hood of financial inclusion and economic engagement plays a different role in men's financial inclusion". (Razzaq, Oin, Zhou, Mahmood, & Alnafissa, 2024)

A research paper was published to analyze the barriers of women's empowerment in district Jammu India. The paper identified the barriers faced by women in accessing formal financial services and analyses the effectiveness of current economic and cultural factors. Primary data was collected through questionnaire and interviews. Total respondents were 50 and only 20 women were aware about financial services. Researcher suggested government to work on awareness about schemes and take other measures to improve situation. (Javeed, 2024)

An article was published in Journal of Pakistan journal of humanities & social sciences (2023) which was written by Ejaz M & Qayum M. (Ejaz, 2023).Their research described the role of financial inclusion for empowerment of woman and identified the challenges of Pakistani society. Unfortunately, woman of Pakistan faces different barriers to accessing financial services. The researchers used data from Financial inclusion insights survey of 2017 with sample size 6000 and used descriptive statistics and Cramers's V correlation & chi-square and Phi for analysis of cross sectional data. This research found significant gender gap in financial inclusion. Major factors were lack of financial knowledge, education level and employment gap. The researchers concluded woman's empowerment and financial inclusion are correlated and they recommended strengthen education, technological capabilities and phone access particularly for woman can improve the situation in Pakistan.

A study was conducted in 2023 with title "A study of financial inclusion efforts among women and its impact on the women empowerment". The study suggested financial inclusion has major role for women empowerment. This help woman to grow and develop. The impact of financial inclusion is positive in every aspect of society. (Srivastava S, 2023).

Financial inclusion mediates the relationship between financial literacy and women's economic power. The idea was presented by Nawaz F , Sajjad A and Farooq M W in their research paper published in Bulletin of business and economics (Nawaz F,sajjad A & Farooq M W) (Nawaz F, 2023). This research investigates the relationship between financial literacy and women's economic power. They collected data from 350 women who were working in private universities of Lahore (Pakistan) through self-filled survey form. Researchers used random sampling method on five point Likert Scale. The results of study revealed the importance of woman's financial knowledge and skill. The study emphasized how important financial inclusion and financial literacy are enhancing women's economic power.

In July 2022, research was published in journal Economics business accounting & society review which was conducted by Kumari S with title "Financial inclusion and women empowerment; a case study of India. Article defined gender gap of financial inclusion in India. Data was collected from different sources e.g. Reserve Bank of India, financial institutions, research journal and websites. The study found some strategies to minimize the gender gap in access to financial services. Know your customer, no-frill accounts, extension of financial services and small loan policies effected on women self-dependency positively. The study also provide suggestion to remove barriers which are hurdle to women empowerment.(S, 2022).

Another study was published in journal of Applied social sciences with title “women empowerment through financial independence: A case study of rural areas of Sindh. Researchers investigated concept of woman’s empowerment in Sindh through financial independence and impact of microfinance on women’s empowerment. (Shakoor A, 2021). Women of Sindh have low financial literacy, lack of access to financial services along socio-cultural barriers. Unfortunately, there is a discrimination of gender prevails in Pakistan. Secondary data was used for research and identified financial independence leads for women’s empowerment.

Imrab Shaheen conducted the research on impact of microfinancing, microenterprises and social entrepreneurship on women’s empowerment in 2019. The study found that women empowerment increasingly accepted as imperative component of poverty lessening and social injustice (imrab, 2019). Population of study was female client of Akhwand foundation (Pakistan). Quantitative and qualitative data was collected through questionnaire and researcher used different techniques to analysed the data. Disproportionate stratified random and purposive sampling techniques was applied on data of 700 females. Interviews were conducted from officials of microfinancing at Akhwand foundation. Major finding of research indicated that microfinancing, micro entrepreneurship and social enterprises have significant impact on women’s empowerment. Culture moderation has minimized the extent of impact of independent variable on dependent variable therefore women empowerment is highly dependent of cultural norms and patriarchal framework.

The researchers Kaur and Batra (2019) conducted a research on women empowerment in urban and rural areas and its relation with financial inclusion. They found financial inclusion plays a crucial role in enhancement of economic power of women. Access to financial services, credit and financial literacy are key indicators. Women who have access to financial services are more likely to participate in generation of income, financial decision freedom and greater control on household. (Kaur R, 2019)

All above researches indicates that financial inclusion is access to individual to financial product or services is related with empowerment. The gender gap is important barrier and also effect on economic growth adversely.

RESEARCH METHODOLOGY

Research Design

Present study employs a qualitative, descriptive and analytical research design using secondary data. The aim of research is an exploration the role of financial inclusion and its impact on women empowerment as a tool to minimize gender gap in Pakistan. The study follows a cross sectional design using data from 2019-2023 to analyses the situation of Pakistan. Data is collected from secondary sources State Bank of Pakistan publication & website, research journal, government reports, international data base, magazine and books are main sources. As the present research focus on financial inclusion, gender gap and its role for women empowerment in Pakistan therefore deep study of articles was carried out to draw the parameters of research.

Type of research

The research topic is an economic –social topic and it is exploring the issues related with financial inclusion of women in Pakistan. There is a gender gap as well as other constraints so the research is Qualitative. However, to provide the strength of finding quantitative data from banking sector is provided.

Sampling

As the present study used secondary data so non- probability purposive sampling was applied. Data from 2019-2023 was selected to ensure a recent and consistent time frame.

Data Analysis Technique

It provides foundational understanding of data set. As the study focuses on women empowerment which is dependent on multiple factors. Financial inclusion and gender gap are taken as independent variables.

Hypothesis

H1 there is a significant relation between financial inclusion and women empowerment
H0: There is no significant relation between financial inclusion and women empowerment

RESULT AND DISCUSSION

Financial inclusion is an effective indicator of economic empowerment. The various financial services include access to banking products and digital banking etc. these access help women in their social and economic development.

Gender Based Financial Inclusion In Pakistan

Table 1. Financial inclusion in Pakistan

Year	Male Inclusion (%)	Female Inclusion (%)
2019	36%	7%
2020	36%	7%
2021	42%	10%
2022	47%	13%
2023	51%	47%

During last five years, financial inclusion of female has been increased from 7% to 47% with overall financial inclusion increased from 25% to 64% in Pakistan. Result of standard deviation shows the male inclusion is 11.56 while female is 18.22 and the P-value for both variables are 0.000 which indicates highly significance. Every 1% increase in male inclusion increase the gender gap by 1%. Every 1% increase in female inclusion decrease the gender gap by 1%.
5.2 Bank account holder
The figure shows the data of bank account holder on gender basis. There is a big gender gap for access to financial services provided by bank. Gender inequality is main constraint for financial inclusion of women and their empowerment. The data shows in 2023 although there is improvement in numbers of female account holder but still there is big gap on gender basis. Pakistan is densely populated country and only 31.2 million women are owing formal bank accounts.

Table 2. Bank account holder

Year	Male Account Holders (millions)	Female Account Holders (millions)
2019	54.0	13.1
2020	58.4	15.0
2021	63.7	20.5
2022	68.0	24.8
2023	76.9	31.2

While in the same duration female bank account holders showed an increase to 31.2 million from 13.1 million.

There is a solid evidence that women financial inclusion leads to significant benefits for the economy of country. It provides economic growth, reduced inequality, decision power and social betterment of society. Borrowing by females is important in this regard, it allows women to increase consumption and investment too.

Table 3. Borrower from bank

Year	Female Borrowers (%)	Male Borrowers (%)
2019	20%	80%
2020	21%	79%
2021	22%	78%
2022	23%	77%
2023	25%	75%

Past five years' borrower's data showed an increase in female borrowers from 20% to 25%. Gender gap in Pakistan

Gender inequality means men and women are not treated equally. Distinctions in genetics, cultural norms and economic condition may be cause of treatment. (Rashid, 2023). Although inequality exists worldwide but in Pakistan the situation is worse. Women faces difficulties in different aspect of life e.g. career, family life, education and health. The World Bank published a report on Women's economic empowerment in Pakistan. An estimated 47 million women are not in labor force and 55 million unbanked women. Pakistani women need autonomy in all aspect of economy. This report gave concrete data about wages and published women earn Rs. 818 while men earn 1000 for same task. 8 men out of 10 own a cell phone while only 4 women out of 10 women.

Benefit of women empowerment in Pakistanis important for economic growth

In 21st century, role of women for prosperity of society is evident. According to research of Federico and Garcia (2019) access and use of financial services along financial literacy allows a women independence. Gender discrimination, violence and abuse are obstacles for women. Financial inclusion is important for economic growth and it reduces poverty of country.(Federico A, 2019). Studies proved there are numerous benefits of women empowerment

Decision making power: there are multiple obstacles for women in labor market they are over presented at less productive sector of economy and face barriers to achieve decision power position. Financial inclusion of women removes all these obstacles.

Attainment of Education; financing of women education is not beneficial for women only it brings prosperity to whole family. Literacy rate is associated with empowerment in some aspects. Women can access to capital to start her own business. Owing on assets, tax payer to economy of country and helpful in house hold expenses are result of women financial inclusion.
Employment opportunities; financial inclusion help women to achieve financial independency. Financial management for herself enable her to perceive own self at dignified manner. It improves her recognition by others either family, friends or colleagues.
Healthier Economic activities; when women have access to financial services they can hire other women for their business. It creates job opportunities and independent professional.
A public private approach should be promoting to reduce unnecessary burden on women. There are numerous barriers which stop or hinder the women financial inclusion.

Barriers In Women Financial Inclusion In Pakistan

Patriarchal frame work

The patriarchal frame work of Pakistan is big hurdle for women empowerment. Women are deprived and they don't get equal treatment like men. House hold work are considered prime responsibility of women either house wife or working. Many families live in joint family system which is another burden on women often. The literacy rate is 52% as compare to men which is 73% in 2024. Early marriages and responsibilities are also big problem.

Work Place Inequality

Women sometimes do not receive same compensation as men. For challenging job organization prefer male employee. Behavior of society and male colleagues are disrespectful for women employees.

Rigid bank policies

Although SBP provide opportunities to women account holder but still bank policy, complicated rules & regulation, hidden charges and inadequate financial literacy are hindering to access financial inclusion.

Interpretation of result

The analyses show there is an improvement in women financial inclusion in Pakistan but still there is big gender gap. Women of Pakistan have potential to perform economic activities but they need support from families and government.
The past researches also indicates the same result as women financial inclusion bring positive effect on women empowerment. The data from World Bank 10% increase in financial inclusion can improve 1%-2% increase in GDP (World Bank's global financial development report 2014). Researches indicates there is positive correlation between economic growth and financial inclusion.

Finding limitation

Availability and access of data was limitation for this study. Unfortunately, banks are reluctant to share data for research purpose.

CONCLUSION

The study focuses on present situation of women financial inclusion in Pakistan. The data from 2019-23 revealed that there is improvement in women financial inclusion but still there are many issues which need to be addressed. Financial literacy, support from family and policies of banking sector can bring drastic changes.

Future Direction

State bank of Pakistan has introduced "Banking on Equality" policy which aim to reduce the gender gap in Pakistan. (Business Recorder published on 18 April 2025). This policy urges the SBP to take comprehensive steps for ensuring access to capital for women. SBP has implemented two National Financial Inclusion strategies 2015-2018 & 2019-2023 with target of improved access for financial inclusion of people of Pakistan. Next phase is NIFS 2024-2028 with the target to reduce gender gap to 25% by 2028.
All stake holder should work on implementation seriously. Influential personalities should work on changing behavior of public towards financial inclusion. NGOs should work side by side to improve the situation.
Reducing of gender gap is important for attainment of SDG for Agenda 2030 directed by UNO. Further studies by researchers will provide guideline.

Conflict Of Interest

There is no conflict of interest in present study

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