Women's World Banking

Women's Economic Empowerment and Financial Inclusion in Indonesia

Levers to move women from inclusion to empowerment

Women's World Banking
June 2021

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INDONESIA

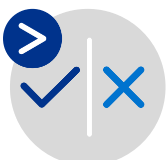
Executive Summary

In 2020 and 2021, Women's World Banking conducted exploratory research — both qualitative and quantitative — to map the linkages between women's financial inclusion and women's economic empowerment in Indonesia.[1] Grounded in an analysis of norms governing women's agency, ability to enact preferences, bargaining power, and financial independence, this resulting report provides a conceptual framework to move Indonesian women from financial inclusion to empowerment.[2] The report is directed at financial services providers (FSPs) and financial inclusion advocates. It concludes with recommendations to inform better design and implementation of financial tools and resources for women in Indonesia.

First, the team examined Indonesia's complex financial inclusion landscape. Despite apparent parity in financial access, data revealed striking differences both between men and women and between income-generating women and non-income-generating women as it relates to financial services use and financial decision-making. When taking Financial Inclusion Insights (FII) 2018-19 data on financial account ownership and use, and disaggregating it across socioeconomic characteristics, we found the following:

Women use their bank accounts less than men.
While women and men have nearly equal rates of account ownership, women were 4 percentage points less likely than men to have used their accounts within the past 30 days.

Non-income-generating women access and use accounts less frequently than income-generating women.
Non-income-generating women were 14 percentage points less likely to have access to accounts and 13 percentage points less likely to have used their accounts within the past 30 days than income-generating women.



Non-income-generating women have less decision-making power and control over household resources beyond basic needs than income-generating women.
Non-income-generating women were 7 percentage points less likely to control household income beyond basic needs, and 3 percentage points less likely to control how their own money was spent or saved than income-generating women.

[1] Throughout this paper, we refer to women's economic empowerment. This concept is usually defined simply as women's agency and resources. When Women's World Banking measures women's economic empowerment in the markets where we work, we categorize our questions into the material, cognitive, relational, and perceptual changes that a woman experiences, which help us to understand her empowerment journey. For this paper, we refer to women's economic empowerment as a more functional idea — as so many others have defined the concept well.
[2] This literature draws from Donald et al. (2017); Samman and Santos (2009); Ibrahim and Alkire (2007); Loh and Dahesihsari (2013); Buvinic and Furst-Nichols (2014); and others.

To follow up on the complexities revealed in the quantitative research, the analysis turns to qualitative research to explore the cultural, religious, and gender norms that can affect women's agency, ability to enact preferences, bargaining power, and financial independence. This paper (Section 1) explores perceptions of women's paid work, husbands' authority to support or prohibit wives' work, and evolving attitudes towards gender norms, with the aim of describing how financial services might mitigate these barriers. More specifically, we found:

Women's work is often perceived as less valuable than men's, financially and socially.

Women are required to accommodate gender norms, such as upholding the role of wife and mother, which may place additional burdens on them. This may also affect a woman's ability to grow a business or career.

Changing cultural attitudes towards women do not translate into equitable power dynamics between husbands and wives.

The paper then navigates Indonesia's gender dynamics surrounding household financial decision-making (Section 2). While women are typically given all or some of their husband's income to manage household expenses, this does not equate to control over how those resources are used, and does not significantly change a woman's agency, her ability to enact her preferences, her bargaining power, or her financial independence. When it comes to their own earnings, women have significantly more agency and control. Yet, a woman must manage the risks that are associated with earning her own income, such as the risks of disrupting family relationships or impacting the way she is perceived by her community or society.

Next, the paper estimates women's economic empowerment through financial inclusion indicators, and further explores how account access, usage, and financial decision-making differ across men and women, and across income-generating women and non-income-generating women (Section 3). We find that each lever of economic empowerment affects income-generating women and non-income-generating women differently, as each woman has different entry points and use functions for financial services. While income-generating women may need financial tools and instruments to receive payments, pay suppliers, make loans, and save money across their cash flow journey, non-income-generating women also have the opportunity, as household financial managers, to utilize and benefit from financial inclusion, particularly through household transfers and financial management products and services. Both income-generating women and non-income-generating women require better tools to support their management of family income and household finances.

An entrepreneur's production kitchen and takeaway shop.

Finally, the paper imagines the possibilities — and the limits — of economic empowerment through financial inclusion, utilizing the four levers of women's economic empowerment to recommend products and services that are easy to use and that align with Indonesian women's felt financial needs (Section 4).

Building on this analysis and on the literature on women's economic empowerment, at both the global and local Indonesian levels, we identified four main levers (Figure 1) to women's economic empowerment. Each of these levers may benefit from increased engagement with financial products and services:

1. ***Greater perceived agency by self and others:***
   Family members respect and value her as a financial manager or economic contributor to the household, and community members also recognize her positively. She gains self-confidence and has an improved image of her agency, ability, and self-worth.

2. ***Improved ability to enact preferences:***
   She has the authority to decide how this money is spent, and can spend money according to her priorities.

3. ***Stronger bargaining power:***
   She can decide whether to contribute or withdraw these resources from the household, which increases her bargaining power and ability to negotiate for her preferred outcomes with other family members, who do not want to lose her contributions.

4. ***Increased financial independence:***
   She can use these resources to support herself independently rather than relying on a relationship for financial support, whether she needs to leave a relationship or prefers not to enter into one in the first place.

Figure 1: Levers of Women's Economic Empowerment

Source: Authors

By utilizing these levers, FSPs will be better equipped to confront the pain points Indonesian women experience, and to provide more effective financial tools and resources to lead to economic empowerment. In other words, financial services providers that are aware of these levers will create products that better meet the needs of women customers.

In this report, Women's World Banking makes specific recommendations (Table 1) for ways in which stakeholders can catalyze women's economic empowerment in Indonesia through financial inclusion. These recommendations range from coupling digital financial capability with the provision of financial services to creating specialized accounts that allow earmarking expenses for specific purposes. Each of these recommendations builds on felt pain points of women entrepreneurs and helps providers to pursue women's economic empowerment in specific ways.[3]

[3] Some recommendations are aspirational and are offered as long-term goals. Indonesia, as the second largest cash-based economy in the world, still experiences low bank penetration and limited digital access and take-up. This reality adds an additional challenge for financial services providers, and makes a conceptual framework steeped in a cultural context all the more necessary.

Build skills and confidence to sustain adoption of new financial tools and develop active use.

1. Introduce digital financial services with digital financial capability building and training.
2. Leverage specific (digital + non-digital) use cases for women and provide hands-on training.
3. Bundle products to lessen barriers to entry for customers (e.g. e-commerce + basic savings, e-commerce + digital financial services).
4. Pair digital financial capability with business training to attract more women customers.

Strengthen value of women's work in managing household finances.

Improve her ability to enact her preferences while accounting for gender norms.

1. Digitize husbands' wages, set up accounts for husbands, and initiate automatic deposits from a husband's account into the wife's or household's account.
2. Open accounts for women so they can receive income from their husbands. With this account, include budget management tools, coaching, and access to a peer community so women feel more confident in budgeting.
3. Create goals-based savings schemes that match women's priorities, e.g. savings accounts with buckets for specific purposes, progress trackers, and motivation and guidance for saving incrementally.
4. Design easy credit and loan products to match the financial and affordability needs of women customers (loan process, collateral, loan amount, interest rate).
5. Promote medical or business insurance as a way of protecting her savings and assets against unexpected expenses.

Maximize women's ability to generate an income by entering the work force from home or office.

1. Leverage e-commerce as a way for women to work part-time while caring for children.
2. Make it easier for women to open e-commerce accounts, and bundle in opening of bank accounts.
3. Provide capability training for women to use digital platforms and digital payment.
4. Integrate ongoing behavioral nudges that encourage women to expand usage of e-commerce features beyond the basics.
5. Strengthen peer networks and mentoring to exchange knowledge about managing online business and forming new business partnerships.

Increase availability of women's financial privacy to increase financial autonomy.

1. Enable opening of personal accounts at home via mobile phone.
2. Reach women directly (via e-commerce platforms that women use) to advertise account opening and other financial services, such as digital business credit.
3. Redesign the delivery of financial services for women customers (offer easy access points, leverage trusted social networks, use communications and collateral).

Foreword

Accelerating progress in gender equality across our region is a core operational priority for the Asian Development Bank (ADB). Particularly within the context of the COVID-19 pandemic and its devastating impacts on women and girls, ADB recognizes that gender-responsive policies and programs are integral to fostering more inclusive, equitable and sustainable development, and economic recovery.

Indonesia has an impressive record of accomplishment in putting women at the centre of its development. In Indonesia, financial inclusion policy is a great example of what can be achieved for gender equality through ambitious targets and programs. As this report points out, women in Indonesia enjoy equal access to financial services compared with their male counterparts.

Yet, this equal access does not immediately translate into equal use of financial services, nor does it lead automatically to women's economic empowerment. In recognition of the need for a tailored and targeted gender-responsive approach to financial inclusion, in 2020 the ADB supported the Government of Indonesia in the development and launch of the National Women's Financial Inclusion Strategy, the world's first financial inclusion strategy dedicated to women. The launch of the National Financial Inclusion Strategy sets a blueprint for ensuring that women across Indonesia would enjoy the benefits of financial inclusion. The strategy addresses key areas such as women's entrepreneurship and women's financial skills and literacy (including digital financial literacy), offering a vision for a whole-of-government coordinated response through the establishment of a network of ministries and development partners.

This report on women's economic empowerment and financial inclusion is a timely and welcome addition to understanding the remaining challenges to women's financial inclusion in Indonesia. Strengthening the evidence base on how and why women access and use different financial services, and the bottlenecks to their access and use, including decision-making over their income, can help guide decision makers and development partners in their interventions to help bridge the final gender gaps in financial inclusion.

ADB looks forward to working closely with development partners like Women's World Banking to further and accelerate women's financial inclusion in Indonesia. We trust that this report will be a valuable resource in helping Indonesia achieve its ambitious vision for women's financial inclusion.

Samantha Hung

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Introduction

Indonesia's unique economic and social environment presents a puzzle. Indonesia shows no gender gap in account ownership. On the other hand, on average Indonesian women's economic empowerment has been slow to catch up to their equitable access to finance. This report first explores the cultural and gender norms that govern women's agency, control of income, choice of employment, and financial autonomy in Indonesia. Using this analysis, the report explores how financial inclusion might leverage these factors to increase Indonesian women's economic empowerment. We find that there are a number of unique pathways to women's economic empowerment in Indonesia.

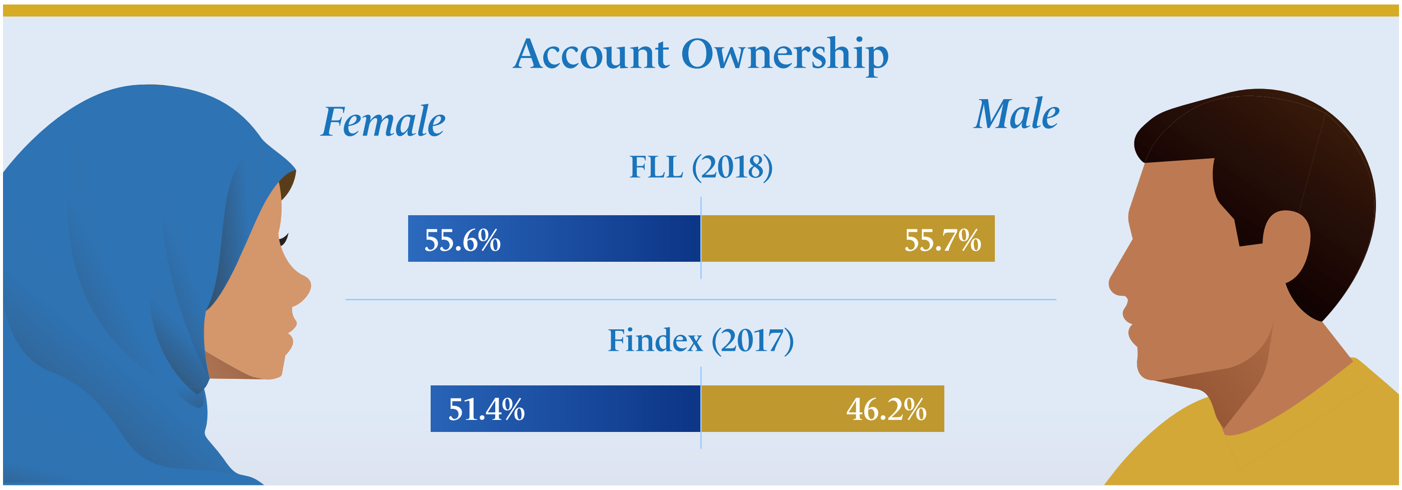
Indonesia's rate of financial inclusion is impressive: Formal financial inclusion for adults increased from 19.6% in 2011 to 48.9% in 2017 (World Bank Global Findex, 2018). Further, 55.7% of adults owned an account in 2018, and 76.19% had access to formal financial services in 2019 (Dewan Nasional Keuangan Inklusif and Otoritas Jasa Keuangan 2020).[4] Adult women more than doubled their rate of financial inclusion between 2014 and 2017, from 20% to 51.4%, reversing the gender gap[5] and making women more likely than men (46.2%) to own a bank account in Indonesia (Figure 2). From 2016-2018, Indonesia's rural-urban divide similarly demonstrates a closing margin, with rural account ownership increasing from 24.7% to 48.9%, and urban account ownership improving from 44.8% to 61.2%. Adults under the poverty line also experienced higher rates of account ownership in the same period, increasing from 26% in 2016 to 50.2% in 2018 (Asian Development Bank 2020). Even with increasing rates of financial inclusion, however, Indonesia's 48.9% of financial inclusion for adults still falls below its neighbors' levels, such as Thailand (82%) and Malaysia (85%) (World Bank Global Findex 2018).

The National Women's Financial Inclusion Strategy (SNKI-P), launched by the Indonesian government in June 2020, sought to improve women's access to and use of digital finance by responding to their specific needs, goals, and backgrounds. To do so, SNKI-P developed a gender-responsive program to increase women's access to financial tools and services, while improving their digital financial skills (J-PAL 2020). This work is important because the gender gap in digital access and digital skills remains substantial in low- and middle-income countries, with over 300 million fewer women than men accessing the internet on a mobile phone (GSMA 2020).

[4] Indonesia uses two national surveys to measure and monitor financial inclusion: Financial Inclusion Insights Survey (FII) by the National Council for Financial Inclusion (Dewan Nasional Keuangan Inklusif - DNKI) and Financial Literacy and Inclusion Survey (SNLIK) by Indonesian Financial Services Authority (Otoritas Jasa Keuangan - OJK).

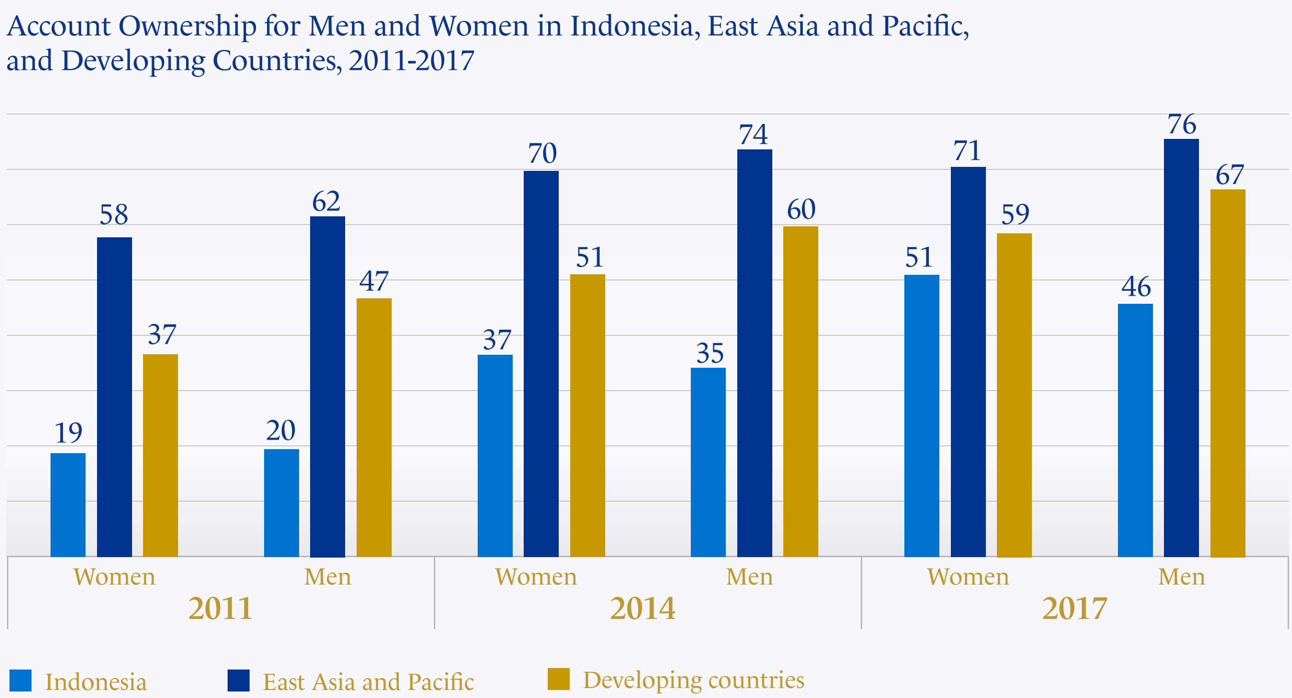
[5] In Indonesia, the World Bank Global Findex (2018) shows a reverse gender gap, with women's account ownership 5.2 percentage points higher than men's. While notable and referred to multiple times in this report, the gap is not large enough to be statistically significant.

Figure 2: Account ownership by gender in Indonesia (2017 and 2018)



Source: World Bank (2018) and Kantar (2019)

Box 1. How does Indonesia's financial inclusion for women compare across the East Asia and Pacific regions and developing countries?



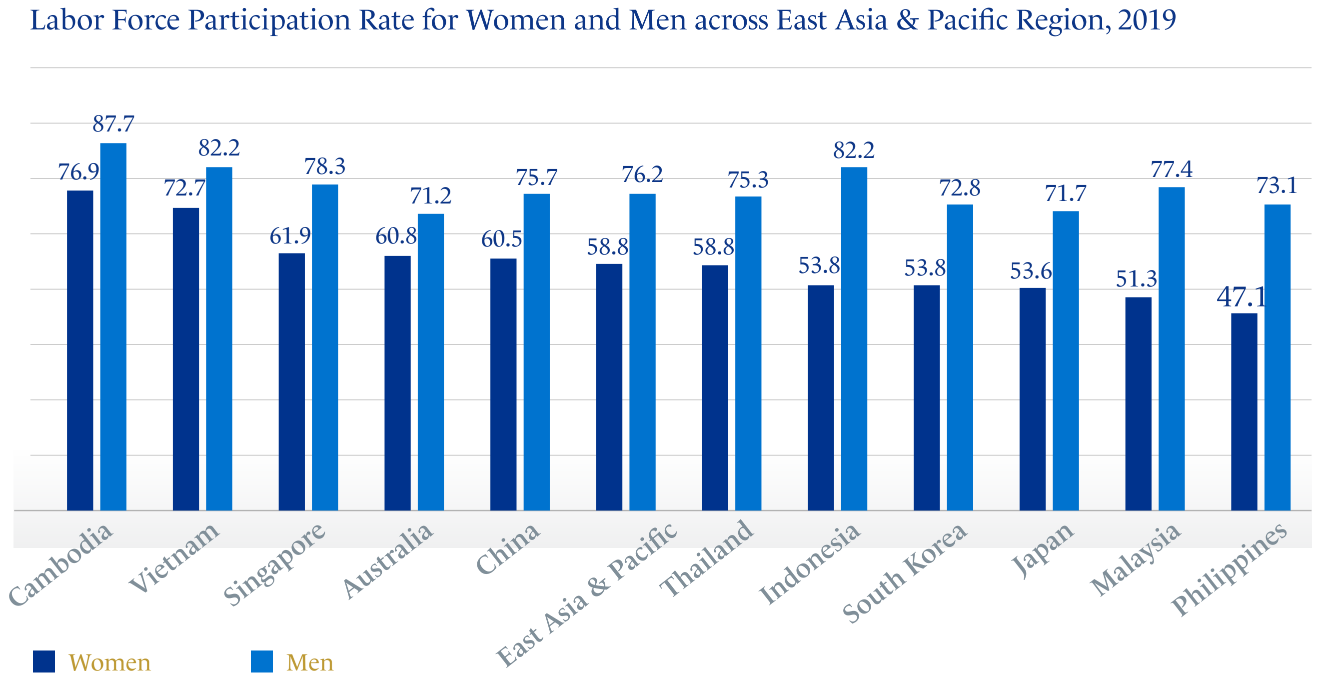
Source: World Bank (2018)

In short, multiple data sources show no gender gap or a reverse gender gap in account ownership at the national level (Box 1). To some, these figures call into question the efficacy of further efforts towards women's financial inclusion in Indonesia. Does this mean women face no barriers to financial inclusion? Are women already "empowered" with respect to financial services?

The puzzle emerges when we add the broader social and economic picture of women's empowerment. Despite parity in access to financial services, women's access to resources and their sense of agency lag behind men's. Among financial sector experts and low-income consumers alike, there is agreement that women still have much progress to be made in terms of economic empowerment (Box 2). Even in the financial sector, we see a difference in active use of financial products among women relative to men.

Box 2: How does Indonesia's labor force participation for women compare to the rest of the region? How does it compare to male labor force participation?

Indonesia ranks as the world's fourth most populous nation and has the world's tenth largest economy as it relates to purchasing power parity (World Bank 2020). While Indonesia's economy boomed and its rates of financial inclusion grew, however, its women's labor force participation rate has remained relatively unchanged in recent years. The International Labour Organization estimates that only 53.8% of working-aged women (15 years and older) participate in the labor force, compared to 81.7% of working-aged men (ILOSTAT 2020). Indonesia's female labor force participation (FLFP) is also smaller than that of the surrounding East Asia and Pacific region, which has a FLFP of 58.19% (ILOSTAT 2020). Within the East Asia and Pacific region, Indonesia falls behind its neighboring countries' FLFP in Laos (76.7%), Cambodia (76.3%), Vietnam (72.6%), Singapore (61.8%), Vanuatu (60.9%), Australia (60.2%), and China (59.8%), among others. See Box 2 (ILOSTAT 2020).



Source: International Labour Organization, ILOSTAT database, 2020.

Financial services show great potential to advance the status of women in Indonesia. Inclusion in the financial sector is a means to an end, and in Indonesia, as around the world, active use of well-designed financial services can be an accelerator of women's economic opportunity and autonomy.

> *"Active use of well-designed financial services can be an accelerator of women's economic opportunity and autonomy."*

This report considers women's economic empowerment in light of financial inclusion, and explores the question, "What cultural and gender norms affect women's agency, control of income, choice of employment, and financial autonomy in Indonesia?" In Section 1, we explore deep-seated gender norms that hold back women's economic autonomy. In Section 2, we examine women's participation in household decision-making over income. In Section 3, we investigate the status of women's financial inclusion in Indonesia beyond account ownership. Finally, we conclude with suggestions of ways forward in designing financial services that are modeled around the four levers of economic empowerment, and that aim to strengthen women's agency in Indonesia.

Box 3: Methodology

This report bases its insights on a multi-method design. First, we conducted a quantitative analysis of sex-disaggregated and nationally representative, publicly available data. For this, we chose to use the most recent data available: the 2018 Financial Inclusion Insights (FII) survey (published in 2019). More specifically, we examined use and access to accounts across socioeconomic characteristics including age, education, literacy, marital status, household size, region, province, empowerment, and contribution to household income. The dataset gave us survey responses from 6,695 respondents, representative of the total population of Indonesia, and we were able to disaggregate results by gender. Next, we conducted a literature review on gender norms and economic engagement, both in Indonesia and in similar contexts. Then we held expert interviews with 15 government, private sector, and non-governmental stakeholders working in financial inclusion in Indonesia to better understand their perspectives on how women's financial inclusion can support their economic empowerment. Finally, we conducted qualitative research with 42 total participants across three provinces: Aceh, Balikpapan, and Jabodetabek (Jakarta metropolitan area) to better understand gender norms around financial sector participation, current financial needs, and attitudes about women's economic engagement and financial sector access.[6] Aceh, Balikpapan, and Jabodetabek were each selected to show differing norms across the a variety of geographic locations. In each province, we interviewed 14 low-income women and men. Participants included women micro-retailers using e-commerce marketplace platforms, women food vendors using digital platforms, women entrepreneurs who did not use digital platforms, and women not in the labor force.[7] We targeted both income-generating women and non-income-generating women to deepen usage of financial products for those already financially included, and to identify solutions through which to engage and empower women who do not receive paid work. Additionally, we interviewed men married to women in each of these categories in order to gain insights from male perspectives on how household dynamics and gender norms are impacted when women do or do not participate in paid work. Given our sample, this report focuses primarily on women.

It is worth noting that Indonesia is a diverse place, with a spectrum of perspectives and practices regarding women's life and work. This diversity cuts across age, geography, religion, the urban/rural divide, and other factors. In this report, we often do not have time to pull out the nuances or points across the spectrum of responses that this diversity offers (and others before us have done a much better job than we could here). Instead, we try to translate and apply insights to financial services providers.

[6] We could have sampled using a number of different methodologies, one being the four distinct categories defined by AFI, which captures the four main types of barriers women face to financial inclusion: demand-side constraints, supply-side constraints, regulatory and infrastructure barriers, and societal barriers. Ultimately, we decided to sample with a diversity of geography. We know, both from subject matter experts and from our own research, that there are differences in cultural and gender norms across these three regions, but we cannot comment on generalizability or representativeness given the sample size and data collection methodology.
[7] The findings based on this sample are not representative of Indonesia's larger context. Most of our interviews related to e-commerce were successful. Other research has found that as much as 90% of onboarded SMEs become dormant. See Moorena et al. (2020) as one example.

Section 1:
Contextualizing Women's Economic Empowerment

Assessing women's agency in their relationships and in their own self-perception, as related to economic participation and empowerment, is a complex challenge. Gender norms and cultural values place de facto boundaries or limits on a woman's available set of choices and her ability to make such choices. Women's work in Indonesia is valued differently than men's. While women can engage in the labor force, the women in our sample reported that their decisions about work force participation are rarely their own. Even with changing generational norms, this dynamic is not likely to shift quickly. In this section, we explore the nuances of a woman's agency as perceived by herself and others, and the impact of those nuances on income generation, work force participation, and financial decision-making.

Cultural, religious, and gender norms often discourage women's economic participation

Women in Indonesia face significant cultural barriers to their economic and work force participation, and thus experience an additional burden by participating in the work force. While Indonesia's economy has expanded significantly since the 1970s, and men and women have similar rates of account ownership, women continue to have a relatively low labor force participation rate (Box 2). Lower rates of FLFP may be due to Indonesia's legal, cultural, and religious norms, which place a strong emphasis on the role of women as mothers and household managers (Leahy et al. 2017; Tickamyer and Kusujiarti 2012). For example, according to Javanese culture, men and women in Indonesian society often adhere to structured gender roles: Men are expected to provide financially for the household, be the decision-makers, and operate on behalf of the household in the public sphere. Women operate privately as the "managers" of the household, such that the woman provides for the emotional, physical, and material needs of all household members, and also manages the household budget in order to meet the household's financial needs. A woman may earn her own income or engage in activities outside of the household; however, her domestic duties are generally the priority (Tickamyer and Kusujiarti 2012; Indarti et al. 2019). Cameron et al. (2019) explore the drivers of FLFP in Indonesia across labor force supply and labor market demand; they find that while FLFP has remained largely unchanged in the last two decades, the underlying propensity for FLFP has been increasing over time. Younger women participate in the labor force at higher rates than earlier generations did at their same ages. In fact, the majority of single, highly educated women enter the work force by 25 and remain in the labor force until retirement, and this is particularly true for urban areas. This rate contrasts with that of married women with children, who have lower rates of education and do not enter the labor force until after 40 years of age. While increased levels of education are correlated with increased FLFP, household responsibilities remain as consistent barriers to FLFP.

Limited time due to household responsibilities is a consistent barrier for women aiming to engage in the work force. Particularly in rural areas, Islamic-based and traditional norms heavily influence women's daily lives (Loh and Dahesihsari 2013; Tambunan 2017). In their study analyzing barriers and facilitators for women's engagement in WASH-related economic activities, Indarti et al. (2019) found that an unequal division of labor at home was a major barrier to women's participation. These gender norms are internalized by women as well, which further restricts their agency in redistributing unequal care-taking tasks in order to generate more time for their own economic activities.

A major barrier experienced by women is not receiving their husbands' permission and support to engage in activities outside of the household. The interpretation of Islamic law influences gender relations in Indonesia,[8] such that a woman could be considered her husband's property, and by extension, a man could be physically and spiritually responsible for the activities of his wife. Women must receive their husbands' permission and support before engaging in any activity outside of traditional gender norms (i.e., any activity that requires engagement outside of the household). A woman's ability to engage outside of the household depends in part on her husband's beliefs and disposition, regardless of socioeconomic class (Leahy et al. 2017; Tambunan 2017).[9]

The entrepreneur opens her small food shop every day, morning until afternoon. She puts her dishes in the display window.

Even though this entrepreneur sells her food through GoFood, she also has an offline stall. This is her stall, with a banner stating her business' name. She sells Seblakis, a traditional spicy food that's highly favored among youth.

These cultural and religious norms structuring household relationships often constrain a woman's economic participation and empowerment, placing limits on whether she can work, under what circumstances, and in what types of employment.

To understand how financial services might serve in an empowering role, we need to understand the social environment that shapes expectations around women's paid work, participation in household decision-making, and economic autonomy. The following section examines perceptions of women's paid work, husbands' authority to support or prohibit wives' work, and evolving attitudes towards gender norms, with the aim of exploring how financial services might mitigate these barriers.

[8] Indonesia is incredibly diverse, both religiously and ethnically. The government is considered secular, but as the majority of the population practices Islam, these comments are relevant to the majority. However, it is essential to note that across the varying contexts in Indonesia, women experience much different barriers, opportunities, and forms of empowerment and agency.

[9] Increased child support may also help shift women's responsibilities to allow them to earn an income. Halim et al. (2017) found that Indonesian women have longer absences from the work force and less lucrative jobs when they lack access to childcare support.

Women's paid work is perceived as less valuable than men's

According to the men and women in our sample, both groups believe that men work to fulfill their role as family provider. They feel men have a responsibility to earn sufficient income to feed, house, and pay for household needs for their wives and children. Men's work in generating income is seen both as essential and as a religious and moral obligation, while women's work is strongly viewed as supplemental to the breadwinners'. This sets the context for how husbands directly prohibit or more subtly discourage women from participating in the work force. The motivations for women working are far more diverse, varying by individual women, their family needs, and different interpretations of men's and women's roles.[10]

Women often say that they work in large part to support their husbands in providing for the family. Both men and women acknowledge the greater financial flexibility provided by women contributing additional family income; work gives women the ability to build small amounts of savings, or disposable income to cover expenses for themselves, their children, or their parents. According to women, other important motivations for their work include staying active, productive, and independent from the need to rely on their husbands for money.

In contrast, men in our sample were more likely to describe women as wanting to work for more frivolous reasons, like wanting to kill time or to go shopping. Cyn Young Park, from the Asian Development Bank, shared that low-paid work further entrenches social norms and biases against women, making society perceive women as less valuable in the workplace. Men in our sample, however, noted that some women may need to work in order to compensate for a husband who is not able or not willing to provide for his family. Figure 3 depicts women's and men's perceptions of why women work.

Figure 3: Perspectives on why women work, by gender

Wife's perspective	Shared perspective	Husband's perspective
To not ask husband for money	To be independent or self-reliant	To go shopping
To pay for children's school and education	To be active	To kill time
To save more money	To buy her own things	To earn more money
	To financially supplement her family	To use her education and not let it go to waste
	To support her parents	To help husband when he is sick
	To support her husband	To be independent in case her husband leaves her
		To provide for her family when her husband is irresponsible

Source: Authors' analysis based on qualitative interviews

[10] Wage rate discrepancies between men and women remain extensive. Weni Lidya and Kadir (2019) analyzed 2016 Indonesia-National Labor Force Survey (SAKERNAS) data, and found that Indonesian women earned 30% less than men, when excluding casual agricultural and non-agricultural work from the analysis. This indicates high rates of gender discrimination against women within the labor market.

Husbands have the authority to prohibit their wives' work force participation in line with gender norms

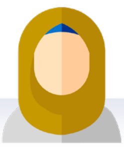
In our sample, men and women agreed that there are two conditions under which husbands could justifiably prohibit wives from participating in paid work: first, if a wife's paid work caused her to neglect her childcare or household responsibilities, and second, if her work interfered with her husband's position as financial provider and head of the household. Figure 4 highlights the reasons that men and women gave for justifiably prohibiting a woman's participation in paid work. Most men and women agreed that men could dislike and restrict their wives' participation in paid work both at home and away from home, though many noted that men are less uncomfortable with women working at home than they are with women working outside the home. As such, working from home provides some women the increased opportunity to utilize financial services, generate an income, and strengthen their economic empowerment.

Additionally, while some men and women shared that they personally disagreed with the idea that husbands should be able to prohibit wives from paid work, they pointed to instances when their society normalized or even encouraged men's authority over their wives by prohibiting work. These findings are important because they highlight the household-level barriers women face in work force participation, and further complicate Indonesia's larger societal norms on women's empowerment and gender egalitarianism in the household and the workplace.

Husbands prevent their wives from working when it disrupts her role as wife and mother

Rooted in the belief that a woman's ultimate commitment is to her duty as wife and mother, men and women most frequently cited pregnancy, childcare, and household management as reasons why a husband could justifiably prohibit his wife from paid work. Men stated that women must remain home because "it's better for children [to be] raised by their own mother," and women agreed that children are "left behind" and "neglected" if the wife works, which makes it "better for a woman to just stay at home." One woman from Aceh, known for being more conservative, stated that as her household cannot afford outside childcare support, she has "no other option but to become a housewife." Husbands and wives generally agreed that while a child remains dependent, a husband can prohibit his wife from working, particularly outside the home.

> *"Her husband doesn't allow her to work. Because first, their child is being neglected. Second, her husband is being neglected as well. That's what usually happens when a wife is working."*
>
> ***— Female, Jabodetabek***



Once children are older and independent, however, husbands and wives generally acknowledged that women can seek supplemental income. One man from Aceh stated that wives could "have side jobs when their kids are growing, going to school," and a woman from Aceh agreed that "once the kids grow up, there's nothing wrong with continuing to work." Another woman reflected that her husband only allowed her to return to their family business after their youngest child started kindergarten, while other men and women shared that their children should be older — some even mentioned high school — before a mother could return to work. One study found that the presence of an additional public preschool per 1,000 children in a given district increases the labor force participation of mothers of preschool-age children by 11% to 16% in Indonesia (Halim et al. 2019). With greater childcare support, women are able to explore more methods for earning supplemental income.[11]

> *"It's impossible for a woman to work or earn some money if her children are still very young."*
>
> ***— Female, Balikpapan***

Working women are still required to fulfill all of the household duties and responsibilities expected of a wife and mother, making work outside of the home more challenging to maintain and develop. One husband from Aceh stated that he preferred his wife home "managing the household," while a woman from Aceh shared that husbands disliked their wives working because the "house is left untreated [and there is] not enough time [to care] for the husband," particularly when wives hold office jobs. Another office-working woman from Balikpapan stated, "It's impossible for us to take care of our husbands, since we're already tired [from work]." Both husbands and wives reasoned that should a woman neglect her household duties — which included caring for her husband — then a husband has the authority to prohibit his wife from paid work. In order to mitigate domestic and labor market challenges, women entrepreneurs in Indonesia are 40% more likely among entrepreneurs to work from home than are men, allowing them to fulfill their household duties while generating an income. Women recognize that their work commitment has limits, however, as their first priority is to their role as wife and mother.

[11] Even with permission and support from their husbands, women may experience additional challenges and barriers to participating in paid employment opportunities. Our peers have conducted extensive research on this topic. For more literature, see Schaner and Das (2016).

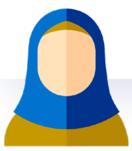
Husbands prevent their wives from working when it challenges his position as breadwinner

Men and women often agreed that a husband can prohibit his wife's work force participation when her work threatens his role as financial provider and household head, though men and women often disagreed about the question of whether women should ever earn more than men. Most men and women believe that a wife should be able to work as long as her household and childcare responsibilities are fulfilled, and that wives should be able to earn an income, as long as they do not make more money than their husbands. Some even believe wives can make more money, as long as this does not disrupt the power dynamic between husbands and wives. For others, there is a stigma associated with wives who earn more than their husbands. This can reflect a concern that a wife with higher income will lose respect for her husband and become more independent, arrogant, and controlling — a sign that she is encroaching on his responsibility or that she believes she is the one leading the family.

The presence of a working wife can signal that a man is unable to provide for the family, which can prompt feelings of shame. Many men and women shared this belief: Should a woman make a higher income than her spouse, her husband would feel "ashamed" and fearful that she "won't respect her husband anymore." This might be because "the household dynamics are very patriarchal. The men dominate the major decisions," as Ibu Ririn Kadariyah, the Director of Indonesia's Investment Agency from the Ministry of Finance, described. As a result, some felt that earning money should be "left to the husband," and that a wife can be prohibited from paid work when her husband's income is "sufficient for her needs," which include housing, food, bills, education costs for children, clothes, etc.

In extreme cases, some believe that only when a family is in dire financial straits can wives be permitted to work. "Once I have been able to survive," one man added, "it is time for her to rest at home." Some women agreed. One wife stated that "if [her needs haven't] been fulfilled, it's better to not prohibit her, just give permission [to work]." In these examples, women negotiated their ability to work when their husbands could not perform as provider for the family.

> *"If the wife's needs really have been fulfilled, it is OK to prohibit her; that's totally normal. But if it hasn't been fulfilled, it's better to not prohibit her. Just give permission [to work]."*
>
> ***— Female, Balikpapan***



Men and women also referenced a man's desire to control his wife as a justifiable reason for a man to prohibit his wife from paid work, especially work outside the home. Many men were uncomfortable with their wives working outside of the home. Primarily, men indicated that they were jealous or suspicious that their wives would receive male attention at the office. In fact, many men referenced jealousy specifically as a reason to limit or restrict their wives from working. One man expressed this jealousy, stating that "if it's far from our watch, like in an office, [husbands] don't know how it goes — how the environment is, how the other workers behave, whether her superior is a woman or not." Another husband stated more directly that "when it comes to women in jobs where they get too involved in matters of men, there tends to just be slander, gossip … all kinds of things that aren't good." Rather than relinquish control, husbands can prohibit their wives from seeking outside work out of fear or suspicion that they might develop relations with other men. Women also identified a husband's jealousy as a predominant motivator for him to prohibit her participation in paid work. One woman shared that prohibition from work "is usually because of jealousy, afraid that their wives will be subject of another man's interest … when time is concerned, the wife will spend more time outside than with family." Rather than take this risk, men can prohibit their wives from paid work outside of the home.

Figure 4: Leading motivations to prohibit a wife's participation in paid work, by gender

Wife's Perspective	Shared perspective	Husband's Perspective
Wife remains home to take care of parents or in-laws	Wife is pregnant or has young children who needs supervision	He is ashamed or fearful that she will make a higher salary
	Wife neglects her household responsibilities	He is worried about her spending time away from the home
	Wife's income interferes with husband's role as provider for the family	He is jealous of her receiving attention from male coworkers
	Husband makes sufficient income to support the family	He is worried about her safety

Source: Authors' analysis based on qualitative interviews

Working from home can align with gender norms and grow work force participation

Women view work-from-home employment as an opportunity to create supplemental income while accommodating gender norms. One woman from Aceh said, "Because it's just a side job and I don't leave the house, I don't leave my husband either." Another woman noted that working from home allowed her to balance her responsibilities as a mother and business owner. She said, "When I started being a mother and running my own business, it felt easier to manage my time. Let's say if tomorrow I want to go to the hospital for child immunizations, or tomorrow I want this and that," she has the ability to do so. Home-run MSMEs allow women to generate income while accommodating gender norms (Arsana and Alibhai 2016). An expert from a government agency focused on financial inclusion in Indonesia echoed the strategy of increasing women's economic empowerment by creating environments supportive of their success within existing social norms. This means encouraging households to be supportive of a woman's choice to return to work, and to better divide household responsibilities to enable her to do so, rather than instilling policies that immediately aim for economic empowerment.

Men often supported their wives' participation in work that reinforced gender norms. One husband stated, "If working at home, like online business or selling things, then it's right in front of our eyes. The husband shouldn't worry." Generally, men and women agreed that as long as work did not interfere with a woman's household or childcare responsibilities or challenge her husband's position as financial provider, then working from home was an acceptable means to create a supplemental income. Women who worked from home predominantly established or joined businesses that reflected their gender

> *"Because it's just a side job and I don't leave the house, I don't leave my husband either."*
>
> ***— Female, Aceh***

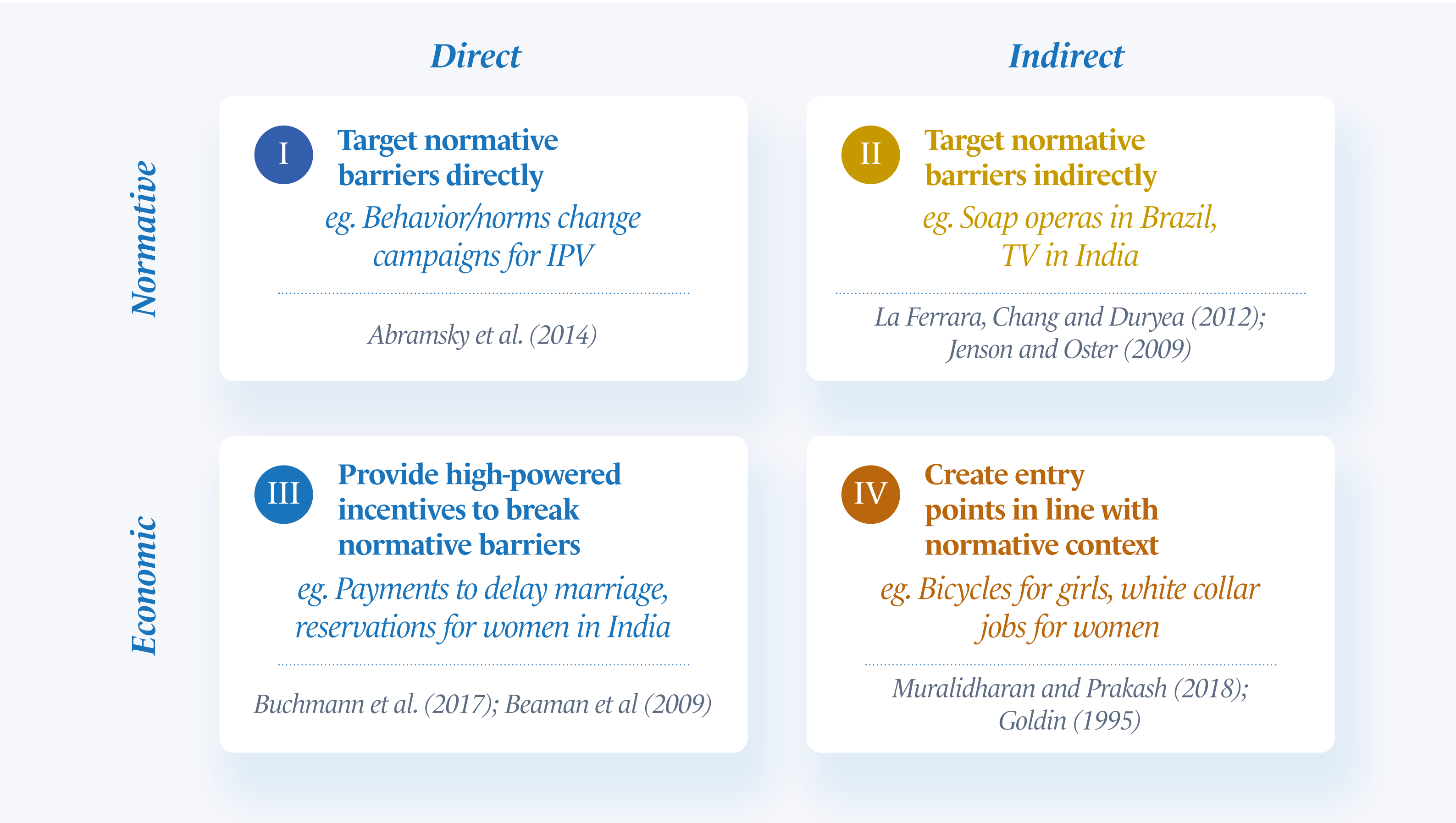
identity. For example, some women created products — such as cosmetics, jewelry, accessories, or clothing — that targeted other women buyers. Other women developed businesses, for example selling baked goods or offering traditional food for delivery, that reinforced typical gender roles. Husbands were generally comfortable with this work, though often viewed it as non-important.

Not all women accept that men have a right to prohibit women from working, however. One woman from Jabodetabek stated, "I disagree with a husband who prohibits his wife from working or doing business. It prevents his wife from developing herself to be more advanced; it makes her inexperienced. It's useless for his wife to go to college as an undergraduate, but then she just ends up in the kitchen. I mean the wife may work in the kitchen, but also needs to have another activity." Another woman from Aceh described her desire to model independence to her children as well; she said, "It's better I have my own income to spend as I see fit. I also want to set an example for my kids so that they will become more independent."

In line with our findings, Tambunan (2017) found that women are motivated to start small or micro-businesses in order to contribute to the overall household income and to become financially independent from their husbands.

Accommodating gender norms is merely the entry point, however. Barboni et al. (2018) identified four distinct evidence-based approaches to effecting systemic change (Figure 5). This report utilizes a norms-compatible approach (which is reflected in the bottom right quadrant) as an entry point in a multipronged process aimed at women's economic empowerment. For instance, digital tools could be an entry point to engage women, but other approaches are needed to challenge the social barriers women experience to accessing and benefiting from financial inclusion and paid labor opportunities.

Figure 5: Framework for classifying interventions when barriers collide



Source: Barboni et al. (2018)

Changing cultural attitudes towards women don't translate into equitable power dynamics between husbands and wives

Men and women in the sample were asked to share their reactions to a range of gendered statements — including preference for male children, preference for educating male children, authority of husbands over their wives, and whether wives are taking power from their husbands when earning an income or making household decisions — in order to assess gendered norms within Indonesian society.[12]

Despite varying views and progressive themes of equality between men and women more broadly in society, there was clear agreement that within a marriage, wives must obey their husbands. While there are ways in which women express power within their marital relationships, and indications that societal attitudes related to gender are shifting towards greater equity, the core family unit of husband and wife remains imbalanced. Ibu Ririn Kadariyah, the Director of Indonesia's Investment Agency from the Ministry of Finance said, "Even when women start to become the equal partner financially or even the breadwinner, these dynamics [of male dominance in a household] do not really change."

Put another way, while norms have shifted to accommodate women's participation in the labor force, often a woman's household duties must remain her main priority (Indarti et al. 2019).

Women from all socioeconomic statuses participate in the work force in Indonesia, but those from lower-income or female-headed households, as well as those who are widowed or have disabled husbands, will face additional pressures out of necessity as they attempt to overcome barriers to participation in the work force.[13]

[12] We chose not to explicitly ask respondents about violence in their households because we did not have resources to offer should we find incidents of intimate partner violence. Intimate partner violence, however, is an important consideration when researching women's economic empowerment, and our peers have done an excellent job of examining this topic. For a more robust discussion on intimate partner violence and women's economic empowerment, see Brody et al. (2016); Buller et al. (2018); Gibbs et al. (2017); and Peterman et al. (2018). For more discussion on this topic, our literature view is here: Economic Empowerment, Financial Inclusion, and Intimate Partner Violence.
[13] Women who work are often challenged with the "double burden" or the "second shift" problem. This means that even as women join the workforce, they still carry the majority of the household responsibilities.

Gendered cultural norms seem to be shifting towards greater equity

Analysis of men's and women's reactions to gendered statements showed variation in societal views towards girls and women (Figure 6). Though some men and women — and often a greater proportion of women — hold conservative views that limit women and their potential, we see a mix of progressive views when it comes to having children, educating girls, and even the ability for women to work, earn an income, and contribute to household decision-making when those actions are in line with their household and childcare responsibilities.

When it comes to having children, most agree that boys and girls are equally valuable to the family. Regardless of gender, two-thirds disagree with the idea that sons are more useful to their parents due to their presumed future role as the breadwinners and financial providers of the family. Though a daughter will need her husband's permission to financially support her parents, the choice is seen as less about gender and more about financial ability of the daughter and husband to support the broader family. When daughters are able to financially support their parents, they will do so and often find other ways to help them, such as providing food and company.

> *"A daughter can still help her parents too, but of course she'd need her husband's permission."*
>
> ***— Female, Jabodetabek***

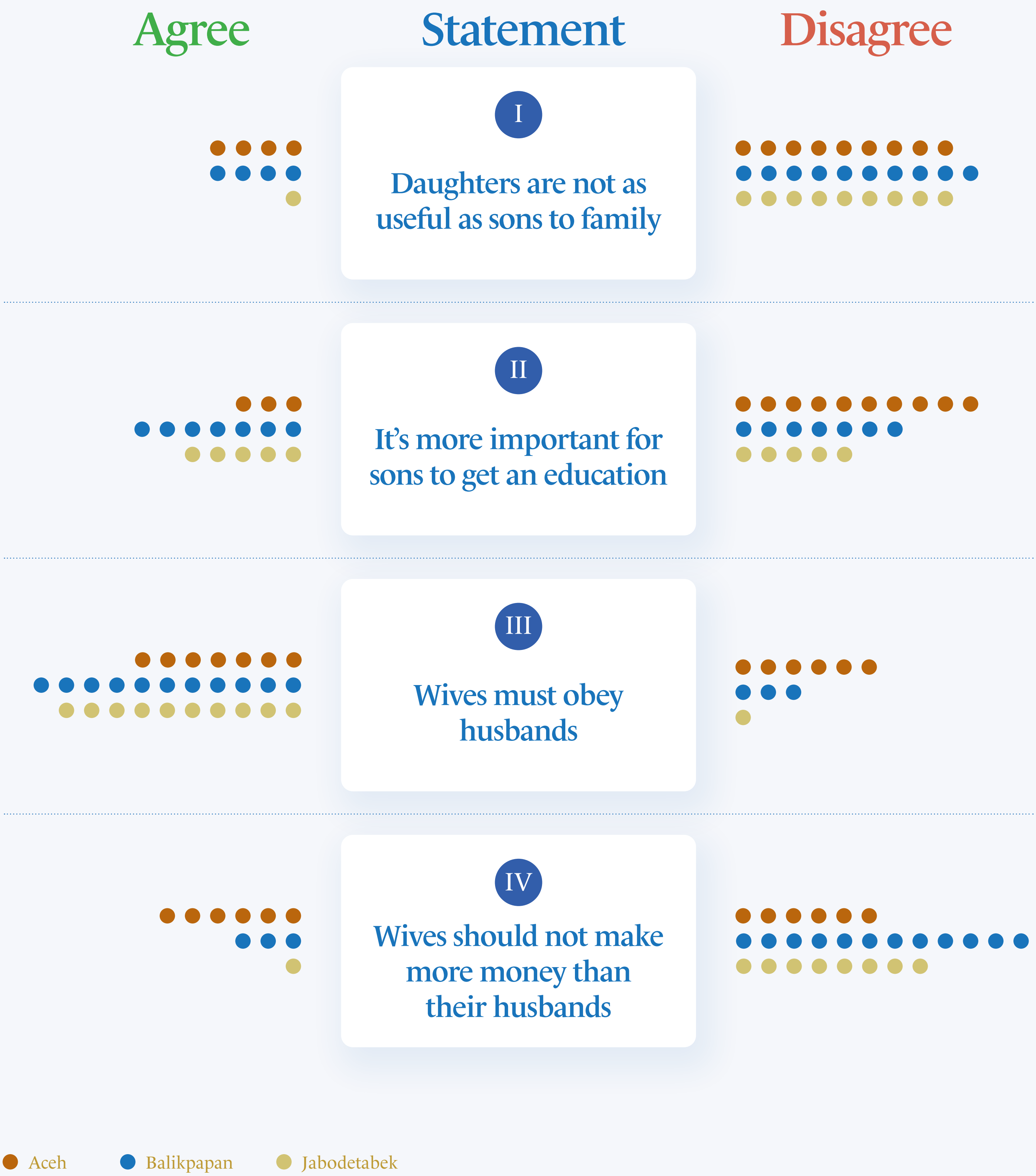
> *"I don't see it that way. If my in-laws or my wife's family members need help, we'll talk about it and do what we can."*
>
> ***— Male, Jabodetabek***

Similarly, over half disagree that it is more important to educate boys. It's more common to believe that boys and girls should be given equal educational opportunity or that the decision to educate one child over another should be based on interest, talent, or passion rather than gender.

> *"I look into the individual potential. It will be a waste if I discriminate my children, because it doesn't mean that boys are always smarter than girls, and that girls will lose to boys."*
>
> ***— Male, Balikpapan***

> *"I believe girls and boys deserve equal education. Boys don't necessarily have to be superior, and girls don't have to be inferior. It's unfair for the girls."*
>
> ***— Female, Balikpapan***

Figure 6: Statements gauging gender norms, depicted by region[14]



Source: Authors' analysis based on qualitative interviews

[14] In our sample, roughly 13 participants from Aceh responded to these questions, as did 14 from Balikpapan and 10 from Jabodetabek.

Despite societal shifts, power imbalances remain between husbands and wives

Despite evolving views on gender, a central tenet underscoring marriages is that wives must obey their husbands. Nearly all men and women we interviewed came back to this idea, which is rooted in the husband's role as the head of the household, and which means he wields authority, control, and ultimate decision-making power in their relationship and their household. Men and women agree that the man has and should have more power and control in the household, and that his wife should be required to show respect by deferring to his decisions.

The power men have over the possibility, type, and conditions of women's work is one symptom of this larger cultural condition of power imbalance.

> *"It doesn't matter how smart a woman is, how high her education is. When she is married and she is a wife, she should obey her husband. After all, a husband is a husband."*
>
> ***— Female, Balikpapan***

> *"She has to agree, because we're the head of the household."*
>
> ***— Male, Aceh***

This fundamental power imbalance is accepted as an agreement that women make upon marriage. Even when women do not necessarily support it, they recognize it. One woman claimed that she agrees she must obey her husband, but then she qualified her opinion by saying: "Well, not wholeheartedly. It's because I'm obliged to." This acceptance may be grounded in a deeper religious ideology regarding the roles of husbands and wives within a marriage.

Women work within established gender dynamics to influence household decisions

Despite the power imbalance between wives and their husbands, women find ways in which to exercise power and influence within defined gender and cultural expectations. Though they must ultimately support their husbands, women highlight the opportunity to discuss, negotiate, and come to a mutual agreement with their husbands. Men are not interested in "forcing" or "commanding" their wives to obey their decisions; they also prefer to reach agreement and mutual ground through discussion with their wives and similarly emphasize the importance of "being open to each other."

> *"If the husband forbids something, the wife must obey it. But first, the wife has to make him understand. Communication is key."*
>
> ***— Female, Balikpapan***

> *"Sometimes the husbands do not care and leave the matters to the women. So, in the end it is the women who make all the decisions, with the husband knowing."*
>
> ***— Female, Aceh***

Even while believing that a husband's final decision must be respected, women use different strategies to ensure their voices are heard before his decision is made. In some relationships, women describe open communication and discussion with their husbands; in others, women must be more strategic. They describe avoiding direct disagreement with their husbands: They may suggest discussing the issue at a later time, offer public support while privately raising their concerns, frame their opinion as advice, or initially agree and later find subtler ways of coming back to the conversation to help him see a different point of view.

There are also forms of power and influence that women can wield without challenging the authority of the husband's role. When it comes to their separate household responsibilities — including taking care of the children, providing education, shopping, and budgeting — women have more knowledge and are empowered to make decisions. Wives also play an important and active role in managing day-to-day household finances according to their husbands' or their joint decisions. In some cases, her husband will delegate decision-making to her and she decides with his implicit knowledge and approval.

Women are more likely to see these decisions as forms of their influence that don't detract from the husband's central role as the head of the household; men are more likely to discount the importance of these contributions or believe the wife is only carrying out her husband's decisions.

Gender dynamics may be shifting towards greater equity in the future

Variation in reactions to gender-related cultural norms suggest that gender dynamics are changing, and that the potential exists to shift power dynamics between men and women towards greater equity in the future. Three key forms of variation — within individual respondents, between personal relationships and broader societal norms, and between younger girls and married women — are contributing to these potential shifts, which taken together have positive implications for women's economic participation and empowerment in the future.

First, individuals vary in how much they agree with different cultural norms. Even if they believe wives must ultimately show deference to their husbands, individual men and women don't always believe that women shouldn't earn money. Individual men and women also don't always believe that a woman shouldn't be able to make more money than her husband, as long as she respects her husband and is working for the mutual benefit of the family.

Second, there are differences between broad cultural norms and the dynamics of individual relationships, whether within the family or between husbands and wives. Actual relationships tend to be more progressive than general views; when it comes to their own lives, it is common for women to claim that the broader cultural norms do not apply to their families or their relationships specifically.

Lastly, gender and household dynamics are also considerably more equitable as they relate to girls. While wives are expected to yield to the husband's authority within a marriage, younger girls are not. When it comes to having children, sons and daughters are seen as equally important within a family; when it comes to educational opportunities, there is similar agreement that both boys and girls should have the chance for an education.

> *"In my family, it does not matter [if the wife makes more than her husband]. In my opinion, it is OK for a woman to have bigger income than a man. In the end they can support each other."*
>
> ***— Female, Aceh***

Section 2:
Women's Economic Power and Resources

Indonesia's gender dynamics with regard to household finances are striking. Women play an important role in managing household finances, but a woman's agency over these finances is limited. Within a household's finances, money is not value-neutral. Instead, it comes with particular expectations. However, women's own income tends to play a different role, and to involve a different set of qualifications or assumptions.

Women have more agency and control over their own earned income, but managing this income stream comes with some risks to a woman's self-perception and relationship with others.

Women's control over income can be misleading

> *"A husband's money is the wife's money, and a wife's money is her own."*
>
> ***— Indonesian proverb***

According to this common saying in Indonesia, both the husband's and the wife's money belongs to the wife. In reality, however, does this mean that these two sources of money are indistinguishable from one another? Do women have the same degree of control over both sources of income? Are both equally empowering for her?

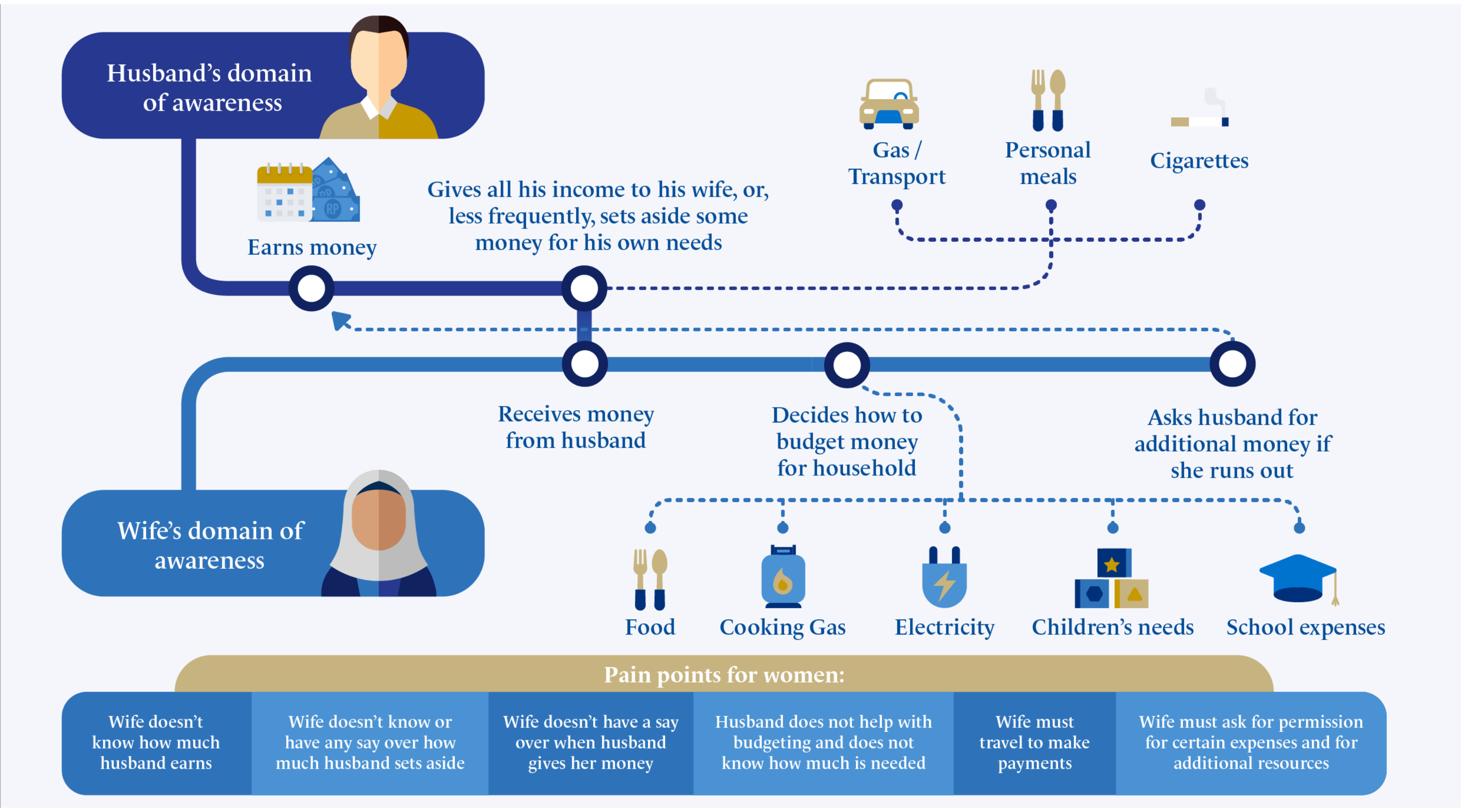
Control over resources is a core aspect of most definitions of women's economic empowerment. A woman may be considered colloquially to have "control" over various income flows: her own earned income, money from her husband, money from her parents or children, government-to-person transfers, among others. Yet we see that women's relative control over these income flows clearly differs, since the source and social context of the income flow has substantive bearings on the degree of agency a woman has over the resource. In this section, we examine the extent to which women truly have "control" over their own earned income versus their husbands' income, and in what ways this control translates into changes in a woman's power and possibilities.

Though women play an important role in managing household finances, their agency over these finances is limited

It is common in Indonesia for husbands to hand over some or all of their earnings to their wives to manage. With her husband's money, a woman creates a budget and pays for the household's basic needs, including food, bills, clothes, household items, and school-related expenses (Figure 7).

While women have a certain amount of authority over how this money is spent, there are limits to their agency over this income. In general, husbands usually hold the power to decide how much they give to their wives and when. One man interviewed explained that his wife is like the "Minister of Finance," while he is the "President," reflecting a common attitude that the husband makes decisions while the wife executes the decisions.

Figure 7: Income flow between husbands and wives and their domains of awareness



Source: Authors' analysis based on qualitative interviews

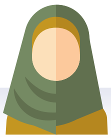
Examining women's experience of managing their husbands' income, we see ways in which women's control over this money is limited. Women commonly experience negative feelings and tension with their partner when managing this money. They relay that their duty is to make ends meet for their family, no matter what amount their husband allocates to them. Some of the common pain points include:

- She does not have a say in how much she receives from her husband for the household. Husbands are not involved in budgeting decisions and are often unaware of the difficulties of stretching the budget to cover household needs, and tensions often occur over how much money is needed for household expenses. It is her responsibility to stretch whatever budget she receives to cover household costs.

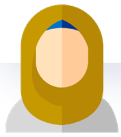
> *"Usually, there are lots of financial problems, because the one who has to take care of finances is the wife. She has to pay for the bills. Sometimes the husband doesn't want to know about that, how much is the amount.* ***All of sudden, he gives a million, for example, and (he thinks) it should be enough for a month.*** *Whereas, in reality it's not. That's why (in my case), I don't want to be troubled. I want to let him know what kind of payment and how much the price actually is. That's why we don't have daily costs that much since we tend to stock everything at the beginning of the month."*
>
> ***— Female, Balikpapan***

- The burden of budgeting rests on the wife alone. She is expected to budget the money adequately.

> *"Sometimes, when we're annoyed with each other, 'Ugh, I'm annoyed, you know! I do the calculations myself, I manage things myself, I'm frustrated. Can't you just manage (the finances)?' 'I can't do it. I can't handle that. Just do it yourself.' My husband doesn't want to be in charge of those kinds of things. But sometimes it's a dilemma too. Being a woman like that gives me a headache too."*
>
> ***— Female, Jabodetabek***

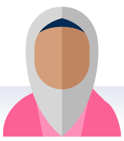


> *"He doesn't want to get bothered with it ... the only thing that matters to him is he's already given the money to his wife."*
>
> ***— Female, Jabodetabek***



- She does not always know when she will receive money from her husband or what the amount will be, making planning and long-term budgeting difficult.
- She must ask her husband for resources when she needs them, creating a feeling of dependence and burden.[15]
- She needs to account for any expenses if her husband asks, and to justify to him how she decided to spend the money.[16]
- There are only certain expenses that are considered acceptable to cover with this budget. For other expenses — such as buying clothes, jewelry, or mobile phones, or requesting loans or credit — a wife must ask for permission from her husband. Some women referenced religion as a reason why they may ask for permission for some expenses from their husbands, even when that permission is not required:

> *"It's more of a religious thing when it comes to spending a husband's earnings. Just to be on the safe side [I ask my husband for permission]"*
>
> ***— Female, Aceh***



These experiences illustrate the limitations of women's agency over the household budget. Only within certain parameters do women have autonomy over this money. Assessing this against the four pathways discussed in the introduction, we see that in most cases a woman's control over her husband's income does not significantly change her ability to enact her preferences, her bargaining power, her financial independence, or her agency as she and others perceive it.

> *"A woman's control over her husband's income does not significantly change her ability to enact her preferences, her bargaining power, her financial independence, or her agency..."*

[15] Some resources mentioned were providing for her own parents, goods for herself, or household needs.
[16] Men may also discuss large expenses with their wives prior to purchasing, albeit at lower rates than women.

Women have significantly more agency and control over their own income

Operating micro, small, or medium-sized enterprises (MSMEs) is one way that lower-income women in Indonesia create opportunities to earn their own income. MSMEs provide women with more opportunity to engage economically (Box 4). Women own approximately 42.84% of MSMEs in Indonesia, but the proportion of women owners compared with men owners varies according to province and shrinks as business size increases (Tambunan 2019). A majority of MSMEs are informal and unregistered businesses that women operate either out of necessity to meet household financial needs or to facilitate their own income generation separate from their husbands (Leahy et al. 2017; Schaner and Das 2016).

Box 4: E-commerce can provide women with more opportunity to generate income while accommodating gender norms

E-commerce offers many women the ability to generate income and accommodate gender norms, while alleviating labor constraints (World Bank 2019). One expert echoed this insight, stating that e-commerce is a socially acceptable way to work since it accommodates social norms rather than changing them, allowing e-commerce to serve as an entry point.

E-commerce also provides a gender-neutral opportunity for women to participate in paid work. One exptert shared, "To become a motorcycle driver, you have to stand by a corner and wait for customers. You know what that implies as a woman. Now with the apps, things are more gender neutral. It's a great equalizer." Another expert shared that women can hide their identities online — buyers see the product, not the seller. If given access, women, particularly female entrepreneurs, are more likely to use the technology, in part because there is less gender discrimination and less risk involved.

While e-commerce may provide women with more opportunities to create a supplemental income while remaining at home, it may provide an even greater opportunity for women to utilize their own accounts. Women often go through their husbands to register their businesses, either out of respect for gender norms or to leverage their rights as an owner. For instance some women in our sample indicated that though they owned their e-commerce business, their spouses or relatives registered their accounts.[17]

A woman entrepreneur sells various products on her e-commerce site, ranging from make-up products and tools (as seen in the picture) to home decorations. She crafted the yarn on this make-up holder.

Earning income is a significant differentiator in women's economic empowerment. When women start to earn their own income, their lives begin to change, as they describe. One expert put it this way: "When you have more money, you have more voice in your household." The table below breaks down some of the differences in women's experiences when they depend entirely on their husbands' earnings compared with when they generate their own income. Even when women have their own income, they continue to manage their husbands' finances for their households as well. So in Table 2, women are responding to having their own earnings in addition to managing the finances of their spouses — they are not solely dependent on their husbands' earnings.

[17] Moorena et al. (2020) suggest that e-commerce in Indonesia can increase access to markets and benefit consumers in addition to providers, however micro and small enterprises might experience barriers to growth.

Table 2: Differences in how women feel about managing their husbands' earnings and their own

Solely her husband's earnings	With her additional earnings	Quotes
Needs to ask husband for money	Does not need to ask husband for money	"I think this role is very good. This is a kind of emancipation of women. As a wife, I am not just waiting to receive money from my husband's income, because I have my own income." – Female, Jabodetabek "That's what it's like, Miss. Oh, he is grateful. He knows that his wife doesn't ask for money anymore. Let's say I want to buy vegetables; I don't need to ask him for money. ... I'm no longer asking for his money as before. Previously, I had to ask for his money to buy vegetables and meals for us. Now, I am not doing that anymore. I take what he gives only. Unless when I need more money to pay for my child's school fee, I ask him." – Female, Jabodetabek
Feels restricted in what she can spend the money on	Feels more agency to allocate resources according to her priorities, especially in supporting her family[18]	"If I use my husband's income for my siblings, it doesn't feel right. If it's my own money, then it's fine." – Female, Balikpapan "I do have a friend, she sells food or something. I thought she was safe, right, since her husband became a manager at Busway, but she told me, 'If I don't earn my living anymore as well, I'm not going to give money to my parents. I can't just use the money from my husband to give to my parents too.' She'd always say those things." – Female, Jabodetabek
Needs to report back to husband on how money is spent	Feels less monitored	"It was very different. I used to have to record expenses in every detail, to report to my husband because he earned the money. Whereas now I only record income and expenses for children's needs, not as detailed as before. In the past, financial problem like the insufficient income could trigger a discord between us. After I have an income from doing this business, alhamdulillah my household needs can be fulfilled." – Female, Jabodetabek
Feels more dependent on the relationship for financial security	Feels more secure and resilient in face of the risk of the relationship ending	"If I say something bad happens, God forbid, for example, something happens with our husband, right? Let's say our husband leaves us first: We won't be shocked, and we're more prepared as a woman. Sometimes I tend to see that, uh, they go through a terrible shock, then they're confused about what to do, how to react, and they turn out like that in the end, get all chaotic. But if, like, the wife has a job, or like, she already has a job or a business, at least she'd already have the skill for her sake and to continue her life with her family, other than using her husband's money." – Female, Jabodetabek
Feels more dependent and less financially secure	Feels more independent, feels more confident Feels more financial security from having a second source of income	"Yes, it feels good when we have our own income. If we want to buy something, we can use our own money. Although the husband still gives [money], it feels better to use our own." – Female, Balikpapan

Source: Authors' analysis based on qualitative interviews

[18] These purchasing priorities often continue to accommodate for gender norms. For instance, with her own income, a woman can spend her money on her parents or children, supplementally support her household, and make purchases for herself. It is generally understood that she cannot take on the role of financial provider.

Having a second source of income also helps to ease the burden of making do with scarce resources. It creates peace of mind when planning for unexpected needs and makes it easier to cover family consumption. In addition, it can free up money for longer-term goals like saving for a child's education or reinvesting in a business. Many women explain that when they earn an income, they continue to manage their husbands' earnings to cover daily needs, but they allocate their income to help them achieve goals like:

Saving up money

"Usually, sometimes, I set some aside. 'Ah, let me put mine here. ...' Like for my savings, to save it up. If it's from my husband, then I'd use it for shopping, for everyday things, the important stuff. ... " – Female, Jabodetabek

Reinvesting in her business

"I separate the money. I don't want to mix it up. For example, my shop's profit is 2 million rupiah a month, and I use it to buy this and that. I save the rest of about 100 thousand or 200 thousand rupiahs per month. These savings can be used for urgent conditions if we got sick. If we don't have any savings, we can be confused later. So, I saved it. I don't mix money from different sources. If I mix it up, our finances can be disorganized. The money from my husband's income is used to pay for the electricity bill, PAM (water bill), or pay for PBB (soil and building taxes). The PBB is only once a year. I don't mix another money with the store turnover money." – Female, Jabodetabek

Paying for children's needs

"He knew my business could help him, so his income is spent on household needs, while my income is used for our child. We share the responsibility." – Female, Jabodetabek

Sending money to her family

"Yes, I really want to be devoted to my parents, and now is the time to do that. I've been wanting to do that since a long time ago, but I didn't have my own money back then."
– Female, Jabodetabek

Women must manage the risks associated with earning their own income

While women describe how their own income makes them feel more independent, they are at the same time careful to emphasize that this independence does not mean that they are completely self-interested. Women use several strategies to manage the risks that their own earned income could be disruptive to family relationships and to how a woman is perceived by others

First, women make it clear that it is important to them that their family or community not see them as acting as if the "wife's money is her own," or as holding their money separately. Women explain that they do not use their earnings simply for their own wishes, but that they also use their earnings to contribute to their family's overall well-being.

A woman with her own earnings in Jabodetabek explained how she does not carefully distinguish between her husband's and her earnings to meet household needs:

- "With me and my husband, when it comes to financial problems, so we don't go about it like, 'This is the husband's money, this is the wife's money.' We don't do that. This is the system that I have with my husband: My husband has some (money), I have some (money), OK, we'll use my husband's money. My money gets saved. But if, like, my husband doesn't have that (the money), and I do (have the money), then we'd use my money. I don't have it (the money), use my husband's money. That's how it is. It's the same, really. Because if, like, I don't want that, 'This is my money,' you know, 'This is the wife's money. I don't want that,' that's futile, right? If my husband is frustrated and surrounded by debt, so I'm going to end up having a headache too later on."

> *"If I want to buy something, I will tell my husband... **But hmm, actually, it's all up to me. I just want to show my respect for him.** Besides, if I want to buy stuff for me, I use my own saving."*
>
> ***— Female, Aceh***

> *"In my view, well, he's honest. He gives everything to me... We're flexible when it comes to financial management. **That's why my money isn't just my money.** I share it with my family."*
>
> ***— Female, Jabodetabek***

Second, many women explain that they try to be very transparent about their earnings with their partner, to show respect for his role as household head, in keeping with gender norms. They proactively keep him informed about their earnings, even when he does not ask, in an effort to be open with him and indicate that they are not hiding anything. Some even keep asking for his permission to show continued deference to his authority.

- "... Every day I tell him the income, how much is earned from [my business with] banana cheese. No [I don't have to tell him], it's just that as a wife I have to be sensitive, you know...Nooo...not that he actually wants to know, it's us who have to understand. We're family, Miss."
-Female, Balikpapan

- "The most important thing [about having my own income] is I tell him about it. Whether he gives me permission or not, I will keep doing it. [Laughs] I just bought the clothes and went home. Then I told him, 'I've bought clothes just now.' He would only say that it's up to me because I bought it with my money and he wouldn't be able to buy it for me." - Female, Jabodetabek

- "Well ... so the husband knows. So he knows that, 'Oh, she earns something when she's out of the house' like so. So we're not just going out. If he asks, 'How much do you get working outside of home?' 'Don't know' ... don't know how much we get, he doesn't know. If the wife works, then she should leave a mark. What I mean is this, Miss, if you work, you get paid. Now where does the money go, for what? Like so. I don't know if it's in savings, whatever that is, so the husband also feels, 'Oh right, my wife works herself to the bone to earn something' like that." - Female, Jabodetabek

In other settings, it is important that women keep their earnings private. In some relationships, women say that if the husband knows the wife has money, he will either reduce the budget he allocates to his wife to manage the household, or else not work as hard to generate earnings. There is also a risk that the husband appropriates or "borrows" money from his wife's earnings without her consent. One case study from Aceh illustrates both risks, and how a young woman manages these risks with her choice of financial services (Box 5).

Box 5: Purchasing jewelry as a form of savings

Aulia is a 29-year-old woman living in Aceh, and a mother of three children. She has a bachelor's degree in nursing and since graduating had worked on her own. Her parents-in-law discouraged her work as a nurse and pressured her to join the family business, a chain of bakeries. When she had difficulty with her third pregnancy, she resigned and joined the family business, but she felt that the money earned belonged to her husband, not to her. Using her own savings from working as a nurse, she decided to open her own business selling household appliances and apparel. Her husband did not forbid her but did not support this effort either. Still, she pushed forward on her own. When the pandemic occurred, she moved her marketing online and became a merchant on Shopee. She feels this income source helps her fully cover her household needs, which her husband was not able to do. In addition, she is able to save for herself, for her children, and for additional business capital.

However, when it comes to deciding where to save, she needs to be strategic. Though she has a BRI account, she no longer saves in her bank account. On several occasions, her husband used her account to apply for a loan for his business. Once, her husband forgot to pay an installment of IDR 2 million, which was deducted from her account and never paid back.

Instead, she prefers using channels that keep her savings private from her husband. One way she does so is through purchasing gold. Sometimes she buys jewelry and takes it home, but she also purchases jewelry and only takes home the certificate of ownership, leaving the jewelry at the store for privacy and safekeeping. If she needs capital or cash in case of emergency, the jewelry can be pawned. In addition, she also saves by investing in relatives' businesses when she trusts they will return the money to her if she needs it. This also serves the function of supporting these businesses and strengthening her social ties to these relatives.

Aulia says, "One time when I asked him for money, he told me to use my own since he thinks I never run out of money. Yeah, that's why I never really tell him. I don't really want him to ask for some … I once helped him to almost 20 million. I don't know where it is now."

Note: Name has been changed to preserve anonymity.

For some women it is important to share how much they earn from their business; for others, it is essential to keep this information private. Women must have the power to make this decision — whether and how to inform their partner — on their own.[19]

[19] There may be limits to how women can operationalize their power, depending on their current context and the bargaining power they have. Women manage risks when deciding whether to be honest and share their financial information with their husbands.

Section 3:

Estimating Women's Economic Empowerment in Indonesia through Financial Inclusion Indicators

Access to financial tools and resources in Indonesia varies widely across socioeconomic characteristics. One's gender, class, income-generation ability, and location can dictate the extent to which he or she will be financially included and have optimal account functionality. Financial services and products must be designed to reach low-income women and non-income generating women, and must encourage frequent use of account for currently included women.

Our findings suggest that there are ready opportunities to increase women's economic empowerment through improving their access to and use of financial tools and resources. These opportunities apply for both income-generating women and non-income-generating women, and each requires a unique approach to increasing women's access and use of those tools and resources.

Recent reports by SNKI (2019) and Demirgüç-Kunt et al. (2018) show that, at the national level, there is no gender gap or even a reverse gender gap in account ownership, indicating that in Indonesia, there may not be barriers that women face in financial inclusion beyond what men face. These headlines, however, may not tell the full story of women's economic empowerment.

Financial Inclusion Insights (FII) 2018-19 research reveals that while men and women may experience similar rates of financial inclusion when comparing formal account ownership, there are striking differences. Those differences appear both between men and women and between groups of women when the data is disaggregated across socioeconomic characteristics on financial account ownership and use. In disaggregating the data, we found the following:

Women use their bank accounts less than men.
While women and men have nearly equal rates of account ownership, women were 4 percentage points less likely than men to have used their accounts within the past 30 days.

Income-generating women access and use accounts more frequently than non-income-generating women.
Income-generating women were 14 percentage points more likely to have access to accounts and 13 percentage points more likely to use their accounts within the past 30 days than non-income-generating women.

Income-generating women have more decision-making power and control over household resources than non-income-generating women.
Income-generating women were 7 percentage points more likely to participate in decisions on household income beyond basic needs, and 3 percentage points more likely to participate in decisions on how their own money was spent or saved than non-income-generating women.

This finding underscores the importance of policies to address financial inclusion across various financial services and within sub-groups. These policies, in turn, will help to minimize the gender gap in financial inclusion, and lead to greater economic empowerment for all women in Indonesia.

What a composite financial inclusion indicator shows

Constructed from the FII 2018-19, we created a composite financial inclusion indicator incorporating account ownership, usage of account in past 30 days, savings account ownership, and usage of ATM card to examine the influence of men's and women's socioeconomic characteristics[20] on their financial account ownership and use.[21] Using the composite indicator, we find that 54% of both women and men have access to a range of financial services in Indonesia, which shows that are no significant differences in overall financial inclusion between women and men. However, the "account ownership" metric which is a component in the CFI, includes the Indonesian government's government-to-person (G2P) program in which beneficiaries are provided with a basic savings account to receive funds. As a result, the composite indicator is skewed due to mandatory use of accounts under this program. Because of the dominance of this program, we look at the financial services indicators separately to understand if women and men access and use the various financial services similarly. This research provides a better understanding of the nuances of the gender gap and gives some clues regarding women's economic empowerment in Indonesia.

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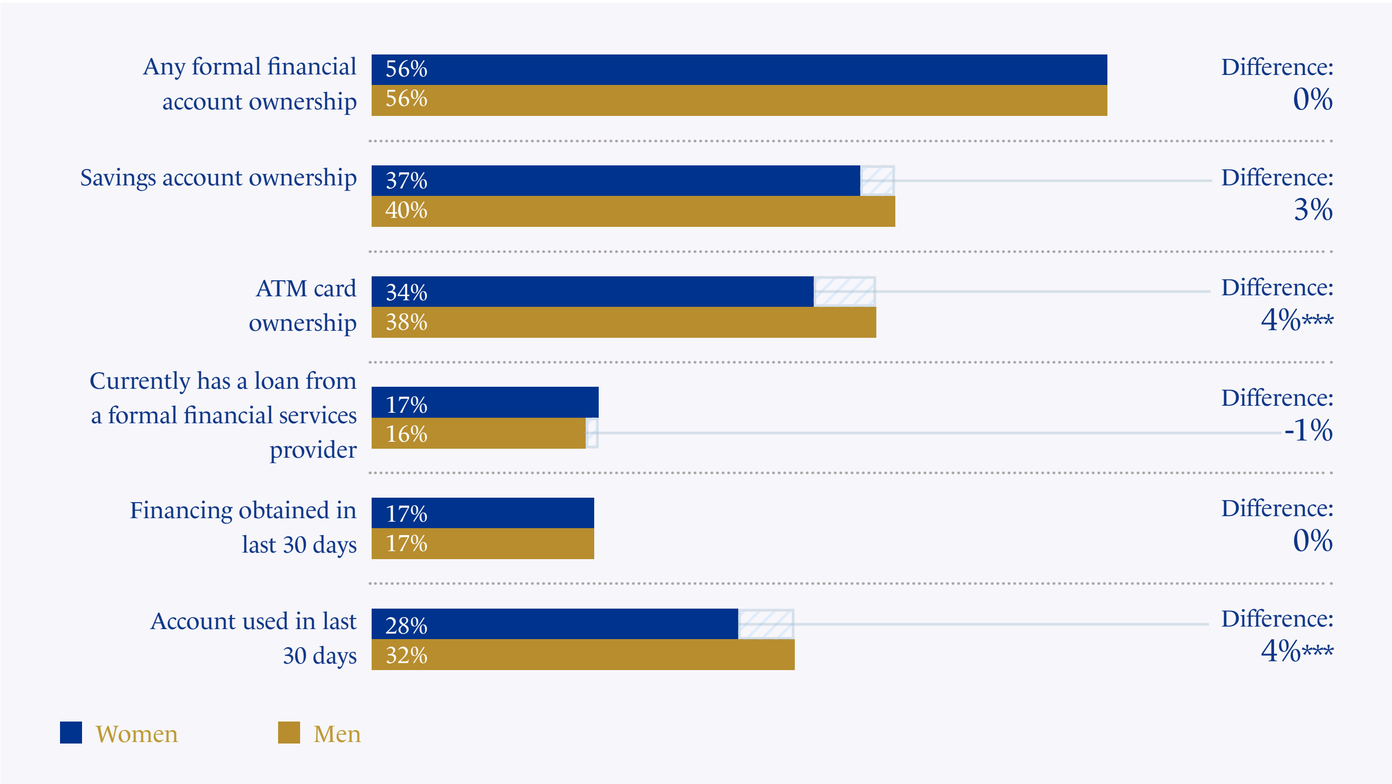
[20] Socioeconomic characteristics included age, education, literacy, marital status, household size, region, province, empowerment, and contribution to household income.
[21] Similar to the definition of account ownership in the FII data, our CFI indicator is a dummy variable which takes a value of one if a respondent has engaged in any of the various financial access and services indicators.

Women are less likely than men to use their accounts

Figure 8 shows that, although there is no significant difference in the rate of account ownership between women and men, on average, women use their accounts less frequently compared to men.[22] Figure 8 displays significant differences between women and men in ATM card ownership and frequency of usage of accounts. Notably, there is a 4 percentage point difference between women and men in terms of whether the respondent used her/his account in the past 30 days. This finding shows that accessing accounts does not guarantee frequent use. This figure also reveals that, at the national level, there is no statistical difference between men's and women's ability to have received a formal loan or financing within the last 30 days, though these rates are low for both men and women overall.[23]

Figure 8: Financial inclusion between women and men



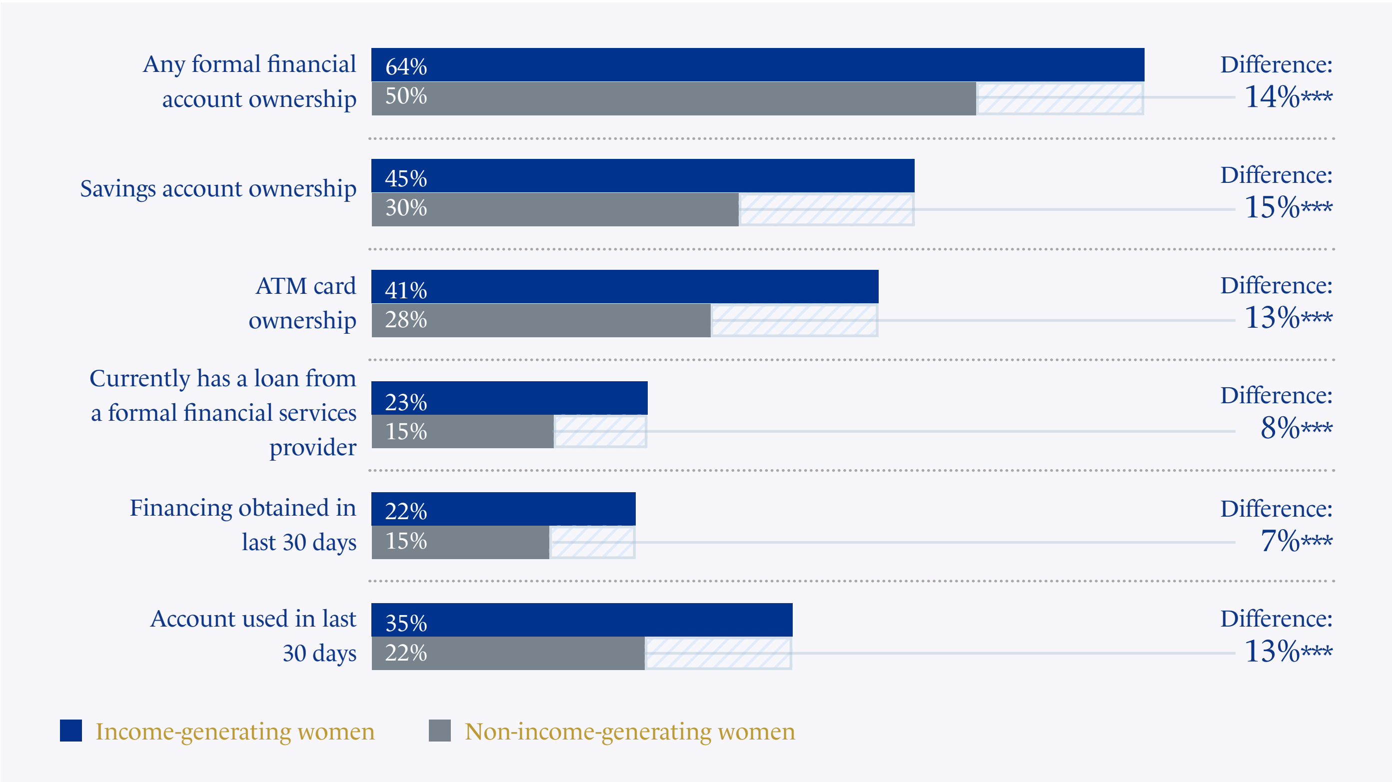
Note: Proportion of women and men who have used various financial services.
*** Significant at the 1% level

[22] Women use bank accounts less frequently than men for a host of reasons, related to their knowledge, skills, attitudes, and behavior. For more literature, see Theis et al. (2020), Demirguc-Kunt & Klapper (2013).
[23] For more information on the Indonesian government-to-person programs that mandate use of a basic savings account, see our report linked here: https://www.womensworldbanking.org/insights-and-impact/delivering-on-the-potential-of-digitized-g2p/

Income-generating women are significantly more likely to access and use accounts than non-income-generating women

While Figure 8 highlights the varying degrees of financial inclusion between women and men in Indonesia, Figure 9 depicts the differences in financial inclusion between income-generating and non-income-generating women. The FII 2018-19 data reveal that there are significant differences in usage and access to financial services between the two sub-groups of women, as in Moorena et al. 2020.[24] Women who do not generate income are significantly less likely to engage in ownership or usage of financial services; 50% of non-income-generating women own a formal account, with only 22% of those accounts active. This shows that greater efforts need to be made to include women who do not generate income, in order to ensure that all women have access to and are included in financial services. This finding also reveals an opportunity to more deeply include income-generating women. Income-generating women are a prime group to be financially included, yet only 64% have any formal account, with only 35% of those accounts active, and only 23% of those women have a loan.

Figure 9: Financial inclusion between income-generating and non-income-generating women



Note: Proportion of income-generating and non-income-generating women who have used various financial services.
*** Significant at the 1% level

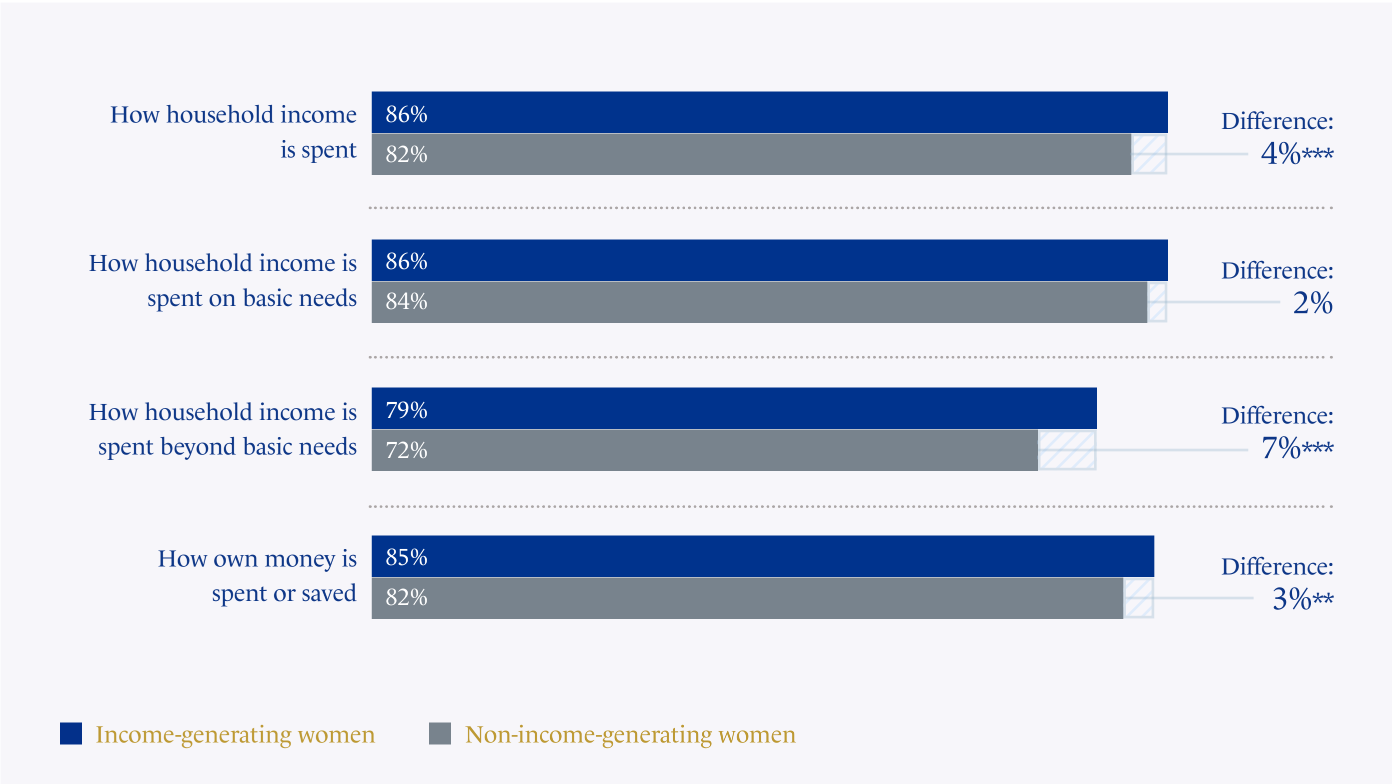
The findings in Figure 9 highlight that women who do not generate income are disproportionately disengaged from financial services. To study this group further, we explore the decision-making power of women within households, as we expect women who generate their own income to have higher control over their earnings. Our findings from the FII survey 2018-19 suggest that greater nuance is required to understand the indicators on household decision-making and how they vary across sub-groups of women.

[24] For income-generating women, we included all women who reported that they have worked full-time, part-time, occasionally, or seasonally, or who have been self-employed in the past 12 months. For non-income-generating women, we included women who are currently not working for any reason as well as housewives. However, we excluded all full-time students (and other categories) from the sample.

Income-generating women are more likely to have control over household finances and earnings beyond basic needs than non-income-generating women[25]

In Figure 10, we can see that there is no significant impact of women's income generation on household decisions as they relate to basic needs. Women who generate income and women who do not generate income have equal control over household income for basic needs. Non-income-generating women include housewives, which explains why there is no difference between income-generating and non-income-generating women in spending on basic needs.[26] However, we find a 7-percentage-point difference in participation in decisions around household income beyond basic needs and a 3-percentage-point difference in how own money is spent or saved between income-generating and non-income-generating women. This underscores an important point – women who do not generate their own income have less control over household finances beyond basic needs, whereas women who earn their own income have significantly more control and agency over household finances and their own earnings. Women and their families often benefit from a woman generating her own income.

Figure 10: Household decisions between income-generating and non-income-generating women



Note: The bars represent the proportion of income-generating and non-income-generating women who said they are very involved or involved in various household decision-making activities. For the last indicator, the bars represent the proportion of women who strongly agree or agree that they make the final decisions on how their own money is spent or saved.
*** Significant at the 1% level; ** Significant at the 5% level

[25] Income-generating women include all women who invest or participate in business activities that produce money.
[26] In fact, if we look at only housewives and women who generate income, we find no significant differences between them in decision-making for how overall household income is spent (first indicator).

Income-generating women and non-income-generating women require unique financial products and services across the four levers of empowerment

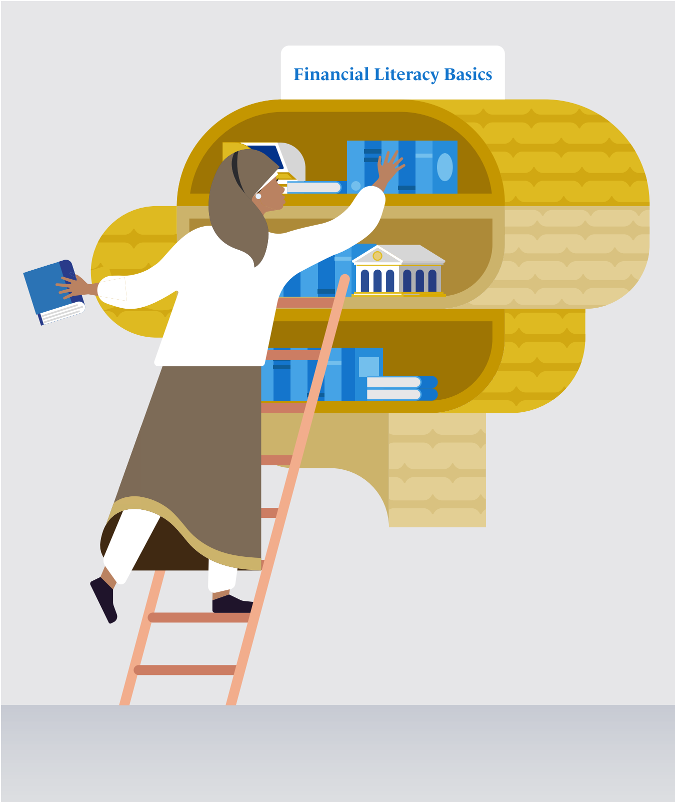
Income-generating women and non-income-generating women each have different entry points and uses for digital financial tools and services. Non-income-generating women are less likely to access and use accounts, and less likely to have control over household finances and earnings beyond basic needs, as compared to income-generating women. To ensure that non-income-generating women are financially included, financial services providers and financial inclusion advocates must particularly target this population so that they will access, understand, and use financial services.[27] As household financial managers, women in Indonesia are well-positioned to be financially included, even without generating their own income. The Survey on Financial Inclusion and Access (SOFIA)'s study on Indonesia highlighted the role of women as household financial managers: They allocate money to pay bills, buy groceries, cover children's education fees, and save. These women can strengthen their agency, ability to enact preferences, bargaining power, and financial independence by having their own private bank accounts and digital tools so they can practice these spending and savings behaviors.[28] For this subset, financial skills must be developed in tandem with tools and services.

Income-generating women are also in a unique position to increase their financial inclusion, as they're already more likely to own and use an account and to participate in financial decision-making beyond basic needs. While income-generating women are more likely to be financially included, only 64% have any formal account and only 35% of those accounts are active. This serves as a clear example of how income-generating women might benefit from increased account ownership and use. We also find that participation in household decision-making and control over household finances beyond basic needs increases for income-generating women. These women are already further along the levers of economic empowerment and will benefit from concerted efforts to increase their ownership of financial tools and resources.[29]

[27]It must be noted that digital tools can be an entry point for engaging these women, but other approaches are needed to challenge the social barriers women experience in accessing and benefiting from financial inclusion and paid labor opportunities. See Barboni et al. (2018) for a norms-compatible approach. Additionally, more work needs to be done to engage with men and women to shift norms that restrict women's ability to make, act upon, and benefit from their own decisions.
[28] [29]See recommendations for specific ways to implement these changes.

Section 4:
From Inclusion to Empowerment

Although having an account can be the first step to introducing women to formal financial services, the real work doesn't end there. Lina Marliani, Executive Director of J-PAL Southeast Asia, stated, "Providing women in low- and middle-income countries with financial resources or financial services did not consistently lead to economic empowerment if women were unable to maintain control over the use of funds within their households." In relation to financial inclusion and empowerment for low-income women, we know that it's not just about giving women an account. It's also about making sure each woman understands what her account is, how to use it, and how it can benefit her. Many bank and mobile money accounts around the world lie dormant because customers do not have a basic understanding of how to use them, or are not aware that they have an account to use. To ensure active engagement and usage of accounts, we must design products that are easy to use and that align with Indonesian women's felt financial needs. In this section we imagine the possibilities — and the limits — of economic empowerment through financial inclusion, utilizing the four levers of women's economic empowerment.



Levers of economic empowerment:

The four levers of economic empowerment (Figure 11) offer unique prospective opportunities for women:

- As she grows in self-respect and as family members value her as a household financial manager or economic contributor, she gains self-confidence and an improved image of her agency and self-worth. This facilitates greater **perceived agency by self and others.** Community members recognize her positively.
- When she has the authority to decide how money is spent, and can spend money in alignment with her priorities, a woman develops an **ability to enact her preferences**.
- When she can decide whether to contribute or withdraw these resources from the household, she increases her **bargaining power**. She can then better negotiate for her preferred outcomes with other family members who do not want to lose her contributions.
- When she uses her own resources or does not rely on her husband's resources for household and business needs, she has **financial independence**. She does not need to enter into or maintain a relationship in order to receive financial support.

Figure 11: Socially and culturally appropriate financial resources and tools for women can lead to their economic empowerment

Source: Authors

Broader social and cultural norms:

It is common for women's role in society to revolve around their responsibilities as caregivers and household managers. The situational restrictions associated with this role often lead income-generating women to work from home so they can limit time that might take them away from these family responsibilities. Since breaking social norms is relationally and culturally risky, deploying resources and tools to progress toward economic empowerment must fit within these norms.

In an attempt not to conflict with these social and cultural obligations, women in Indonesia are finding employment opportunities — particularly digital ones — that fit into their lives and allow them to meet their social obligations while also participating in the economy in new ways. For these women, flexible and convenient financial tools might save them time and reduce the need to travel to access financial services. Women in Indonesia are finding ways to engage in the work force while not sacrificing their responsibilities as wife and mother (Box 6). The goals for engaging in the work force may be to complement — not displace — other household incomes, so that they are contributing without challenging the status quo.

One of the experts we talked with summed up this interplay nicely by saying that in Indonesia, "there will always be a role for financial services to create women's economic empowerment." But this role is unique in the Indonesia context, where it is constrained by social and cultural norms.

Box 6: Understanding financial tools and resources through e-commerce

Annisa, a 30-year-old woman who retired from her office job due to an accident, began selling clothes, cosmetics, and herbal products at home through social media once her child was old enough. As her business grew, she opened four bank accounts across Mandiri, BNI, BCA, and BNI Syariah to accommodate her customers' payment preferences, before she shifted her business to Shopee, an e-commerce platform. Annisa found that her customer outreach increased through e-commerce, in part because of financial tools like ShopeePay, an in-app e-wallet regulated by Bank of Indonesia, which allowed customers to deposit, purchase, and withdraw money through their Shopee accounts. She learned to navigate the financial resources and tools available to her through YouTube. "I thought, if other people can sell things on Shopee, why not do it myself?" she said.

She is still uncomfortable using loans, a common sentiment we heard from many participants. Rather, she prefers to use her own savings to invest in her business. She further added, "I fear that if I borrow money from friends or family, they will talk about me. I'd rather have my own savings." She is excited to grow her business alongside the financial tools and resources she has available.

Note: Name has been changed to preserve anonymity.

Changing the foundation on which these cultural and gender norms are built:

Though women may have equality of access, they do not use financial services and opportunities equally. Resources and tools — financial and otherwise — propel a woman along the four levers of her economic empowerment: increasing her agency as she and others perceive it, improving her ability to enact her preferences, strengthening her bargaining power, and developing greater financial independence.

Each of these levers offers a different way forward. The value of the financial resources and tools does not remain neutral. Money and services become ability, power, and social capital. In this sense, resources and tools change the set of available choices a woman has for acting on her preferences — for both herself and her family. One woman from Balikpapan described her ability to earn and save money for her child's education through financial resources. She said, "I also save part of the profit for my children, so I can prepare the tuition fee for my son to go to college in the future."
Similarly, loans that operate within the cultural and gender contexts that women face can also benefit women. When asked about whether to use loans from a bank or from family, a woman from Aceh shared, "Since banking in Aceh already use Sharia law, so for loans ... there is only a small amount of interest, so I'd prefer to go to the bank." However, financial tools and resources that are not designed specifically for women within Indonesia's cultural context may not adequately serve Indonesian women. For instance, some women described their pain points in asking for or receiving a loan. One woman from Aceh said, "The bank won't give the loan since I don't have permission from my husband. … I have [to receive permission from my husband] because my husband will be responsible if there's a problem with it." Financial tools can change the foundation on which these cultural and gender norms are built; however, to create these changes, women's cultural and social contexts must be considered in the design of those tools.

> *"Resources and tools — financial and otherwise — propel a woman along the four levers of her economic empowerment: increasing her agency as she and others perceive it, improving her ability to enact her preferences, strengthening her bargaining power, and developing greater financial independence."*

Financial resources and tools:

Financial resources, such as access to credit or savings, are not neutral. Rather, financial tools, such as mobile money, fintech, or digital platforms, can influence financial resources in three ways. First, financial inclusion can better support a woman's responsibility to manage her household's assets and earnings. Second, financial inclusion has the potential to empower or accelerate a woman's ability to earn her own income, with loans and savings services extending to women useful sums with which to invest. Third, financial inclusion gives her the tools with which to manage and increase her earnings. Facilitating income and income management are the two ways through which financial inclusion has the potential to positively impact her relationships and self-perception, enable her to enact preferences, increase her bargaining power, and facilitate her financial independence.

> *"The financial inclusion approach — platforms, products, and customer engagement — matters to women's economic empowerment."*

Recommendations and Roadmap

Despite the large share of women customers who do not earn their own income, women are still the main financial managers and budgeters in their households. The husband's and wife's domains of responsibility in managing household finances reveal that after a husband allocates a portion of his income for his own expenses, he puts the burden on his wife to manage the family's expenses.

While for a woman there is financial agency, freedom, and empowerment in generating and managing her own income, the reality for many Indonesian women is that cultural limitations and restrictions can prevent her from doing so. In these situations, while she may not necessarily be generating income and freely choosing how to spend that money, she holds a special role in choosing how money is spent. We have seen in this research that in some cases, a husband will transfer funds directly from his account to hers instead of handing over cash. While this is still far from the ideal situation for women's financial inclusion and empowerment, it is a crucial step forward.

This next section aims to speak directly to the different opportunities and types of financial services for women's economic empowerment in the Indonesian context, and offers recommendations on how financial services providers and stakeholders can begin to address the needs of their low-income women customers (Table 3).[30]

Build skills and confidence to sustain adoption of new tools and active use

Digital payments show great promise in improving the methods by which Indonesian women are currently managing and transacting in their daily lives. On the value of digital payments and technology, Shopee shared that the company "has seen this impact many lives, especially women." By digitizing the way she manages and pays for her household expenses (ranging from rent to utilities, school expenses, and pocket money for her children), we can limit the need for her to transact in cash and instead introduce her to the digital and payments ecosystem. To ensure that women customers are financially included in a digital future, it is essential that FSPs and institutions help build women customers' digital financial capabilities (DFC). By gaining more experience in using digital payments and services, women are building their confidence and trust, opening a pathway for FSPs to introduce digital services such as mobile wallets, mobile banking, and even digital credit and more.

Goal	Options
If women need to adopt some financial tools on their own, it is even more important that they have the ability to make confident and informed choices among the financial services available to them.	• Create and build lasting trust in the use of and interaction with formal financial services. • Introduce digital financial services with DFC building and training. • Leverage specific (digital + non digital) use cases for women and provide hands-on training. • Bundle products to lessen barriers to entry for customers (e.g. e-commerce + basic savings, e-commerce + digital financial services). • Pair DFC with business training to attract more women customers.

[30] The opportunities and recommendations presented here are based on our qualitative study and should be further validated through user testing, as well as designed with women through co-creation approaches. As nuances exist, we highly recommend that FSPs understand their women customers' perspectives and context in order to deliver high-quality solutions that matter to women. In taking this women-centered approach, it is our hope that we can further enable women customers' participation and use of formal financial services.

Increase value of women's work in managing household finances

In conjunction with the introduction of new tools and platforms, providing business and budgeting tools and training will help support the effort and time women take in managing household and business finances. Having records will help with household financial negotiations with her husband, while having business expense records will help in the applications for credit and loans that can expand and grow her business.

Goal

Recognize and value women's work in managing household finances. Formal financial services can offer a woman tools for budgeting and communicating household needs to her husband, so that he recognizes her efforts and allocates the appropriate and timely resources to cover the household.

Options

- Open accounts for women so they can receive income from their husbands. Some design options to explore include: notifying the husband when the budget is running low, so he gets a reminder that he needs to allocate more money; tag transactions to tie them to specific household priorities; and provide spending reports to help women formalize or justify their budget management.
- With this account, include budget management tools, coaching, and access to a peer community so women feel more confident in budgeting.
- Digitize husbands' wages, set up accounts for husbands, and initiate automatic deposits from a husband's account into the wife's or household's account.

Strengthen her ability to enact preferences while accounting for gender norms

Financial tools and services can increase a woman's ability to enact preferences by supporting her allocation of resources. Understanding customers' priorities can indicate for us which use cases we can leverage to help teach women to understand the benefits of using their accounts. While savings are perceived as necessary, the predominant way to save is still through informal channels. Even without formal savings methods, however, Indonesian women are managing to save for their short- and long-term goals to support children's educational needs and their own personal needs, and in some cases, to reinvest in their own businesses. By paying attention to women customers' priorities, FSPs can start to re-design and introduce product features that align.

Goal

Make it easy to track and celebrate a woman's specific goals, like saving for her child's education, business capital, emergencies, and her own parents' well-being. These areas are important to women, but it is often only when they generate their own income that they can allocate money towards these purposes.

Options

- Create goals-based savings schemes that match women's priorities, e.g. savings accounts with buckets for specific purposes, progress trackers, and motivation/guidance for saving incrementally.
- Design easy credit and loan products to match the financial and affordability needs of women customers (loan process, collateral, loan amount, interest rate).
- Promote medical or business insurance as a way of protecting her savings and assets against unexpected expenses.

Maximize opportunities for women to balance income generation and gender norms

E-commerce has proven to be especially beneficial for women entrepreneurs and their businesses, given the 2020 COVID-19 impacts on businesses worldwide. Many women who participated in this research have shown that they own their own businesses and have the entrepreneurial skills to support the livelihoods of their families. The pandemic has forced these women to rethink how to reach and sell to their customers, and to ultimately transform their businesses digitally in order to continue providing for their families' needs and expenses.

Goal

Highlight the mutual benefits that income-generating work provides to a woman and her family, reframing her income as a contribution that benefits the entire family.

Options

Leverage e-commerce as a way for women to work part-time while caring for children.

- Make it easier for women to open e-commerce accounts and bundle in the opening of bank accounts.
- Provide capability training for women to use.
- Integrate ongoing behavioral nudges that encourage women to expand usage of e-commerce features beyond the basics.
- Strengthen peer networks and mentoring to exchange knowledge about managing online businesses and forming new business partnerships.

Improve financial autonomy by increasing convenient account access as well as financial privacy

Account ownership is considered as the fundamental marker for financial inclusion, according to the World Bank.[31] Having an account is an important financial tool that can provide ways to keep money safe or build savings, as well as providing access to a suite of additional financial services such as bill paying, credit, transfers, remittances, and insurance. But the goal is not just about giving customers an account: A woman customer must also have convenient account access, and must understand and believe in the value of using the account to fulfill her most basic needs and goals. She must have easy points of access close to home and account privacy, so she can increase her autonomy in managing her account within social and cultural constraints. In this regard, a woman would have the autonomy to communicate about finances when she sees fit.

Goal

Across financial products, make it easy for women to access accounts and protect their financial privacy.

Options

- Enable opening of personal accounts at home via mobile phone.
- To advertise account opening and other financial services like digital business credit, reach women directly via e-commerce platforms that women use.
- Redesign the delivery of financial services for women customers (create easy access points, leverage trusted social networks, and offer communications and collateral).

[31] Demirguc-Kunt et al. (2018)

Table 3: Process mapping from financial inclusion to economic empowerment[32]

Lever of economic empowerment	Pain point	Recommended financial tools and resources	Goal
Increased agency as perceived by herself and others	On average, women are less likely than men to use their accounts. Non-income generating women are less likely than income generating women to use bank accounts. Income generating women utilize bank accounts at lower rates than desired.	Introduce digital financial services with digital financial capability building/ training. Leverage specific (digital + non-digital) use cases for women and provide hands-on training. Create and build lasting trust in the use of and interaction with formal financial services. Bundle products to lessen barriers to entry for customers (e.g. e-commerce + basic savings, e-commerce +digital financial services). Pair digital financial capability with business training to attract more women customers.	Build skills and confidence to sustain adoption of new financial tools and develop active use.
Improved ability to enact preferences	Women manage household finances, though may have limited authority to decide how this money is spent beyond basic goods. Women may be prohibited by their husbands from receiving paid work, which limits their ability to generate income.	Digitize husbands' wages, set up accounts for husbands, and initiate automatic deposits from a husband's account into the wife/household account. Open accounts for women so they can receive income from their husbands. With this account, include budget management tools, coaching, and access to a peer community so women feel more confident in budgeting. Create goals-based savings schemes that match women's priorities, e.g. savings accounts with buckets for specific purposes, progress trackers, and motivation and guidance for saving incrementally. Design easy credit and loan products to match the financial and affordability needs of women customers (loan process, collateral, loan amount, interest rate). Promote medical or business insurance as a way of protecting her savings and assets against unexpected expenses.	Increase value of women's work in managing household finances. Improve her ability to enact her preferences while accounting for gender norms.

[32] While these recommendations focus primarily on women, we also recommend that institutions and initiatives work with men to sensitize them to support and encourage women's ability to access financial tools and resources, and to generate an income. Household dialogues, among other approaches, can facilitate husbands buy-in and reduce women's double burden.

Lever of economic empowerment	Pain point	Recommended financial tools and resources	Goal
Stronger bargaining power	Women who do not generate an income may have limited household decision-making power.	Leverage e-commerce as a way for women to work part-time while caring for children. Make it easier for women to open e-commerce accounts, and bundle in opening of bank accounts. Provide capability training for women to use digital platforms and digital payment. Integrate ongoing behavioral nudges that encourage women to expand usage of e-commerce features beyond the basics. Strengthen peer networks and mentoring to exchange knowledge about managing online business and forming new business partnerships.	Maximize women's ability to generate an income by entering the work force from home or office.
Greater financial independence	Women may lack financial privacy when they lack proper account access and usage.	Enable opening of personal accounts at home via mobile phone. Reach women directly (via e-commerce platforms that women use) to advertise account opening and other financial services, such as digital business credit. Redesign the delivery of financial services for women customers (offer easy access points, leverage trusted social networks, use communications and collateral).	Increase availability of women's financial privacy to increase financial autonomy.

Source: Authors

Achieving these recommendations requires a multi-stakeholder effort, building on emerging evidence on the landscape of economic empowerment and how to use financial inclusion to improve it. In the words of Kate Shanahan, the Team Lead from MAMPU Indonesia:

> *"There's a lot of evidence on how little women are able to impact public decision-making. But by coming together, identifying issues of common concern, that creates greater influence."*

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Appendix

Figure 12: Agreement of men and women with gendered statements

Source: Authors' analysis based on qualitative interviews

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