

Emergence of All Women Bank: Opportunities and Challenges

(A Bank For the women by the women)

*Harsimran Singh

*Assistant Professor, Department of Commerce, GGN Khalsa College, Civil Lines, Ludhiana

Abstract

Our neighbor Pakistan though lacking in various aspects from our country and despite being a country with orthodox customs for women, was, due to the efforts of its former Prime Minister Benazir Bhutto (shaheed) the first one in the world to think and establish a bank called first Women Bank Limited catering to the banking needs of women entrepreneurs. The paper begins with the introduction of this bank followed by a mention of another such initiative taken by Tanzania. Finally, the paper tries to explain such a step taken by the government of India in the year 2013 with establishment of an all women bank named Bhartiya Mahila Bank. The paper brings to light the capital base, location and branches of the said bank. An effort is made to explain the objectives of setting up such bank along with the issues to be addressed by it, the criticism such an initiative has faced and the future prospects of the bank. Furthermore, the paper gives suggestions for the bank to be a great initiative for women empowerment.

Keywords: Women bank, initiative, government of India, upliftment, financial institution, lending, branches, economic empowerment, objective, Self Help Groups (SHGs), urban, semi urban, rural, banker

Are we very late in thinking something in the direction of women upliftment and growth in the real sense as compared to our neighbors? Our neighbor Pakistan started its First Women Bank Limited (FWBL) (located in Karachi, Pakistan). This FWBL was inaugurated as a unique financial institution, a Scheduled Commercial Bank and a development financial institution for the socio-economic empowerment of women. The Bank was a big initiative by the Islamic world's first woman Prime Minister Benazir Bhutto (Shaheed), who wanted a bank that would meet the banking needs of women entrepreneurs. FWBL was incorporated under the Companies Ordinance, 1984 as a Scheduled Commercial Bank in the Public Sector as a Public Ltd. Company on 21st November, 1989. The Bank commenced its business on 2nd December, 1989 with a paid up capital of Rs. 100 Million; 90% of which was contributed in varying proportions by five leading Public Sector banks of the country. They were National Bank of Pakistan, Habib Bank Limited, Muslim Commercial Bank Limited, United Bank Limited and Allied Bank Limited. 10% of the remaining capital came from the Federal Government.

Second big leap was taken by another nation Tanzania in this direction. The idea to start a Women's Bank in Tanzania began in 1999, when a number of female entrepreneurs approached the then President of Tanzania, Benjamin William Mkapa, with the idea. Eight years later, in 2007, the Tanzania Women's Bank Limited (TWBL) was created. The bank officially opened for business on 28th of July 2009. TWB's aim is to empower women economically and socially. It serves all segments of society including low-income earners, small businesses, large corporations and small and medium enterprises (SMEs). Tanzania Women Bank Limited (TWBL) is a "licensed financial institution" in Tanzania. The Bank of Tanzania, the national banking regulator, lists it as a "Registered Financial Institution".

We are third in the world to take a step forward in this direction and our Prime Minister S. Manmohan Singh on November 19, 2013 inaugurated the country's first all-women bank, Bharatiya Mahila Bank (Indian Women's Bank). With the inauguration of the bank at the Air India building in Nariman Point, seven branches became operational across the country. The Prime Minister and UPA (United Progressive Alliance) chairperson Sonia Gandhi who was also present at the event inaugurated the other six branches through video-conferencing. The bank will have a network of 25 branches by March 2014 as per the finance minister P Chidambaram. It will primarily serve women but deposits will also be taken from men.

Usha Ananthasubramanian, who was executive director of Punjab National bank, is the chairperson of the bank.

Bharatiya Mahila Bank (BMB) has been inaugurated as an Indian financial services banking company based in New Delhi, India. India's Prime Minister S. Manmohan Singh inaugurated the system on 19 November 2013 on the 94th birth anniversary of former Indian Prime Minister Indira Gandhi. Although initially reported as a bank exclusively for women, the bank allows deposits to flow from everyone, but lending will be predominantly for women. Many as adopting a segregation approach to gender equality have criticized the bank. It has been criticized, as Women-only banks are another instance of wanting to treat women 'differently'. It has also been stressed that it is clear form of guise in many senses, whether it is in garbs of veneration or as fortification, but they are all forms of discrimination that promote gender-based stereotyping. Women-only organizations stem from this eagerness to support women in the name of preferential treatment. Now Bhartiya Mahila Bank merged with SBI with effect from January 1, 2017 with the notification of official gazette of India.

A New Era of Development:

Famous Economist Mr. Ajit Ranade had shared in the last year that approximately half of India's banking assets are under the control of women, when India's biggest bank got its first women chief. We are living in a country like India where gender biases against women are raging, India's top banks are headed by women

— State Bank of India by Arundhati Bhattacharya as Chairperson and Managing Director, ICICIBank by Chanda Kochhar, Axis Bank by Shikha Sharma, Bank of India by Vijaylakshmi Iyer and Allahabad Bank by Shubhalakshmi Panse and now Bhartiya Mahila bank by Ms. Usha Ananthasubramanian .Even Now the number of women in the workplace has remained low. In an effort to increase gender diversity and employ more women, banks such as SBI, ICICI Bank and Kotak Mahindra Bank are making their workplaces more women-friendly.

At ICICI Bank, women employees number about 17,000 and constitute 25 per cent of the workforce. Of the total workforce of SBI, around 2 lakh employees in the SBI, 22 per cent are women.

Banking For Women:

Sources state that In India, only 26% of women have an account with a formal financial institution, compared with 46% of men. That means an account in either a bank, a credit union, a co-operative, post office or a microfinance institution, according to a study by the World Bank. In addition, for women, per capita credit is 80 per cent lower than males. Furthermore, the results of a study using a global dataset covering 350 Microfinance Institutions (MFIs) in 70 countries indicates that more women clients are associated with lower portfolio-at-risk, lower write-offs, and lower credit-loss provisions, *ceteris paribus* provisions.

Capital Base of the Bank:

The Bank's initial capital consists of Rs 1,000 crores with 105 branches across the nation. The government plans to have 25 branches of the said bank by the end of March 2014 and 500 branches by 4th year of operation (2017).

US-based FIS Global, in partnership with Wipro is leading the race for a Rs 1,000-crore contract to provide IT systems at the country's first women-focused bank, it is reliably learnt.

Proposed Branches:

The government has chosen the iconic Air India building at Nariman Point in Mumbai to open the first branch of the Bank. A senior Air India official said the company has agreed in principle to give space to the bank and that the branch will come up in the 5,000 sq ft space on the sea-facing side of the building. With the Bharatiya Mahila Bank, we will have two bank branches on the ground floor of the building — the other is a Bank of India branch,” said a senior Air India official.

The Bharatiya Mahila Bank, which started operations from November 2013, is planning to open a modest 33,400 accounts through 39 branches in its first year.

Management and Board of Directors:

Initially, the bank will have a board of directors consisting of eight women. The board consists of a business graduate sarpanch from Rajasthan, Chhavi Rajawat, Dalit entrepreneur Kalpana Saroj, who turned around a tubes business, retired public banker Nupur Mitra, academic Pakiza Samad, private equity professional Renuka Ramnath, Godrej Group executive Director Tanya Dubash and Priya Kumar and a government nominee.

Objectives of Setting Such Bank:

- The bank will place emphasis on funding for skills developments to help in economic activity for the socio-economic empowerment of women.
- Moreover, the products will be designed in a manner to give a slight concession on loan rates to women.
- The bank shall also aim to inspire people with entrepreneurial skills and, in conjunction with NGOs, plans to locally mobilize women to train them in vocations like toy making or driving tractors or mobile repairs, according to Usha Ananthasubramania (CMD).
- One of the other objectives of the bank is to promote asset ownership amongst women customers. Studies have shown that asset ownership amongst women reduces their risk of suffering from domestic violence.
- One of the key objectives of the Bank is focus on the banking needs of women and promotes economic empowerment through women's growth and developments.

Issues Involved:

- The biggest issue in this direction is to initiate a series of measures for its women employees, including self-defence, training, travel monitoring for women working late hours and quick-reaction mobile vans to handle emergencies etc.
- To allow its women's workforce more flexibility by extending them sabbatical leave for purposes such as children's education and taking care of elderly parents/in-laws.
- There is high rate of Mid-career level dropouts at the corporate level. Women tend to drop out at mid-career level positions as their personal priorities shift and they find it difficult to balance organizations' demands, career aspirations and family commitments. No doubt, to some extent it is true as well, that India has a very poor childcare and pediatric facilities, Moorthy Uppaluri, CEO at Randstad India and Sri Lanka said, "Despite various efforts to build gender diversity in the

workplace, women form less than 5 per cent of the top management at the board level in corporate India, and only 50 per cent of the women who graduate from business schools enter the workforce.” Most of the highly educated women who are competent and skilled enough lose the best 5-10 years of their career while raising kids. The bank has launched a unique second innings programme to attract such women.

- Hunger to grow is very limited in women as well. Generally, women at times limit themselves. Sometimes women say they cannot manage too many things, they are also contented and sometimes lack confidence but it is all in their mind.
- Still women are often looked down upon and not much is expected from them but this mindset is changing.
- Although some Indian women have become business leaders, the vast majority is still facing huge disadvantages.
- "The sad reality is that women in India face discrimination and hardship at home, at school, at their place of work and in public places. Their social, economic and political empowerment remains a distant goal... They score below men in literacy, in health status, in employment potential, and in entrepreneurial skills.
- In a patriarchal society where in most cases men control a family’s financial resources, nearly three quarters of Indian women do not have a bank account. Per capita access to bank credit is also far lower for women than men.
- As Per HSBC India country head and FICCI President Naina Lal Kidwai “It is almost impossible for women to get a loan to set up a service or knowledge company, sectors where they are most likely to start their business in. There is no doubt women are discriminated against in the loan giving process. They have to work harder to establish their credibility as entrepreneurs,"

Opportunities Involved:

- It was expected that the previously mentioned bank would lend mostly to women and women-run businesses that support women self-help groups (SHGs) and women’s livelihood, that employs predominantly women, and that addresses gender related aspects of empowerment and financial inclusion.
- An exclusive bank in India would enhance women’s empowerment. However, India has cooperative banks and scheduled commercial banks, but the needs of women are not their focus area as they also have competing priorities and targets to meet. Skeptics may dismiss this idea as populist, but there is a real need for empowering our women.
- The government proposed to set up a women-only bank because of a perception that women do not get sufficient attention from financial institutions, including public sector undertakings

(PSUs).According to Meera Sanyal, Country Executive, RBS India, “The Women’s bank is a novel idea of including women entrepreneurs in the mainstream of the economy and will help increase their contribution to the Indian growth story,”

- As the Women’s Bank will be largely run and managed by women professionals, there will be greater employment opportunities for women professionals in the country, in various departments spanning finance, accounts, operations, information technology and human resources. Currently, the women employee strength in the commercial banks in India is less than 20 per cent. The figures are even lower in the rural and semi urban areas. So the expansion of branches of the Women’s Bank that will recruit mostly women professional, will lead to a substantial rise in the number of women workforce, giving a boost to the country’s economy.
- Traditional banks always do not cater to women’s need. These banks should provide facilities in terms of allowance, incentives, maternity leave as well as other benefits that will make them work efficiently yet offer enough flexibility. Apart from increased women workforce, the initiative is expected to empower women and increase their financial independence. It will support women self help groups (SHGs) and women’s livelihood, especially in rural and semi-urban women.
- Sometimes it is challenging to approach traditional banks for loans and various financial schemes for women entrepreneurs. However, is expected that the new bank will facilitate the opening of savings accounts for poor and disadvantaged women. It will also encourage women entrepreneurs by making it easier for them to get access to loans. For example, the bank will offer loans of up to \$400 to women to start small businesses, even if they cannot offer collateral - a problem in a country where men mostly own property. It will also encourage businesses and products that help women by offering credit for enterprises such as crèches and catering services.
- The new bank is proposed to begin operations with seven branches in major cities and has plans to expand to 500 over four years across urban and rural areas. The bank’s board of directors has eight women on it, and a majority of the staff is female.
- By establishing a specialized women's bank, it will add to their social security, their personal income levels as well as bring in many personal savings lying idle into the banking system.

Challenges offered by the Critics:

- Some observers saw the concept as a gimmick aimed at the women ahead of the general election due in 2014. The Congress party has been wooing women voters besides the young and the rural masses, who helped it, win back-to-back terms in office in 2004 and 2009. India already has in place an adequate financial services infrastructure for women, they said.

- If gender discrimination by the existing banks is the issue government is trying to acknowledge, creation of a special women's bank is not the right solution. The government should think in some other direction.
- The answer for discrimination is to realize its root cause. For instance women in India have no title rights over property, hence no say in financial matters. Most of them do not participate in the formal economy.
- A public sector bank solely for women? At once, it is an appealing concept. A few all-woman branches were started by banks in the 70s and a couple of them continue. These were more in the nature of token gestures, leaving no significant impact.
- Currently, there are four prominent bankers including V Iyer from BoI, S Panse from Allahabad Bank, Chanda Kochhar from ICICI Bank the largest private sector lender, Shikha Sharma from Axis Bank the third largest private sector lender. All of them are heading respective banks that do not refuse any credit to women customers. "This is another gimmick. Credit is available to the entire woman folk irrespective of any bank. If somebody does not qualify in the credit appraisal process, it is quite natural that she will be refused. There is no gender bias here,"
- Some bankers observe that if the upcoming bank shows any relaxation in sanctioning loans to women, who may have been denied credit in a general bank, then it is going to be an asset quality issue (loan defaults) According to them it we can't stop rapes, crimes against women. However, we want to open a bank for women. As if, women cannot use normal banks.

Prospects of the Women Bank:

- The new bank is expected to have adequate trained women employees to provide banking services even to the unbanked population of India. Female employees from the existing PSBs can be deputed to work for the new bank. They should be given a deputation allowance for moving into the new bank at least for the first three years. Thereafter, they should be given the option to either return to their parent bank or become permanent staff of the new bank. This will streamline the recruitment and training process.
- It is also important to create visibility and have more of such banks across the country. In fact, there should be branches spread out in every state, with a special focus on smaller cities where the need is much more,
- The new bank should have a new business model. For instance, the bank should offer attractive schemes to encourage girl children to pursue higher education by offering education loans at reasonable interest rates.

- According to Kamal Karanth, Managing Director -Kelly Services, a global HR consulting firm, although the concept is unique, it requires a lot of planning. For example, there are important questions the government has to answer, as if, if the Women's Bank is aimed at serving the entire country, how long will it take to roll out branches across the country? Will the thrust be on the hinterlands where majority of un-creditworthy women live? What will be unique about Women's Bank that will differentiate it from other regular PSBs in terms of service and development and finally, will it really increase women's inclusiveness in the right sense, or it is just another vote bank for the government.
 - The government should create the right governance framework and ensure that there is enough awareness among women on the benefits of such banks, the key to the success of women's banks as in every other areas of the Budget 2013-14 is an effective deployment strategy and its execution.
 - An innovative approach, without modeling it on any existing institution, is required. The bank has to provide easy access to basic banking services of savings and credit to women, with a focus on financial inclusion. However, the statement of the Finance Minister that "...mostly to women and women-run businesses" gives rise to doubt. Since the bank is meant exclusively for women, exceptions should not be entertained.
 - It should go beyond banking. Improving financial literacy should be the first step. Upgrading the skills of literate women customers by providing entrepreneurial training, covering basics of general and financial management and marketing, imparting some computer knowledge for use of the Internet for communications, banking and business information should form part of the relationship. Linkages with development wings of the Government for those engaged in agriculture and allied activities should be arranged.
 - The basic services of deposit schemes, payments and remittances, and credit should be given prominence. Corporate credit, exports, forex and capital market services can follow, as these are available in all banks.
 - It must be ensured that women needing these services are resourceful enough to access these services at any bank. Agency functions, which can generate income and attract customers on behalf of the Government, insurances and mutual funds for payments and collections, can be handled without diluting the basic objectives. The rates of interest and fees have to be competitive as discerning women can choose to deal with other banks.
 - The bank may have to employ people from rural areas to minimize attrition. The Finance Minister says the bank would have to 'predominantly' employ women. Why not aim at 100 per cent? Care has to be taken to ensure that the bank does not succumb to male domination and keep women away.
- The previously mentioned measures if taken shall be a great step towards the upliftment of Indian women.

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