



# **Microfinance and Domestic Violence**

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# What is Microfinance?

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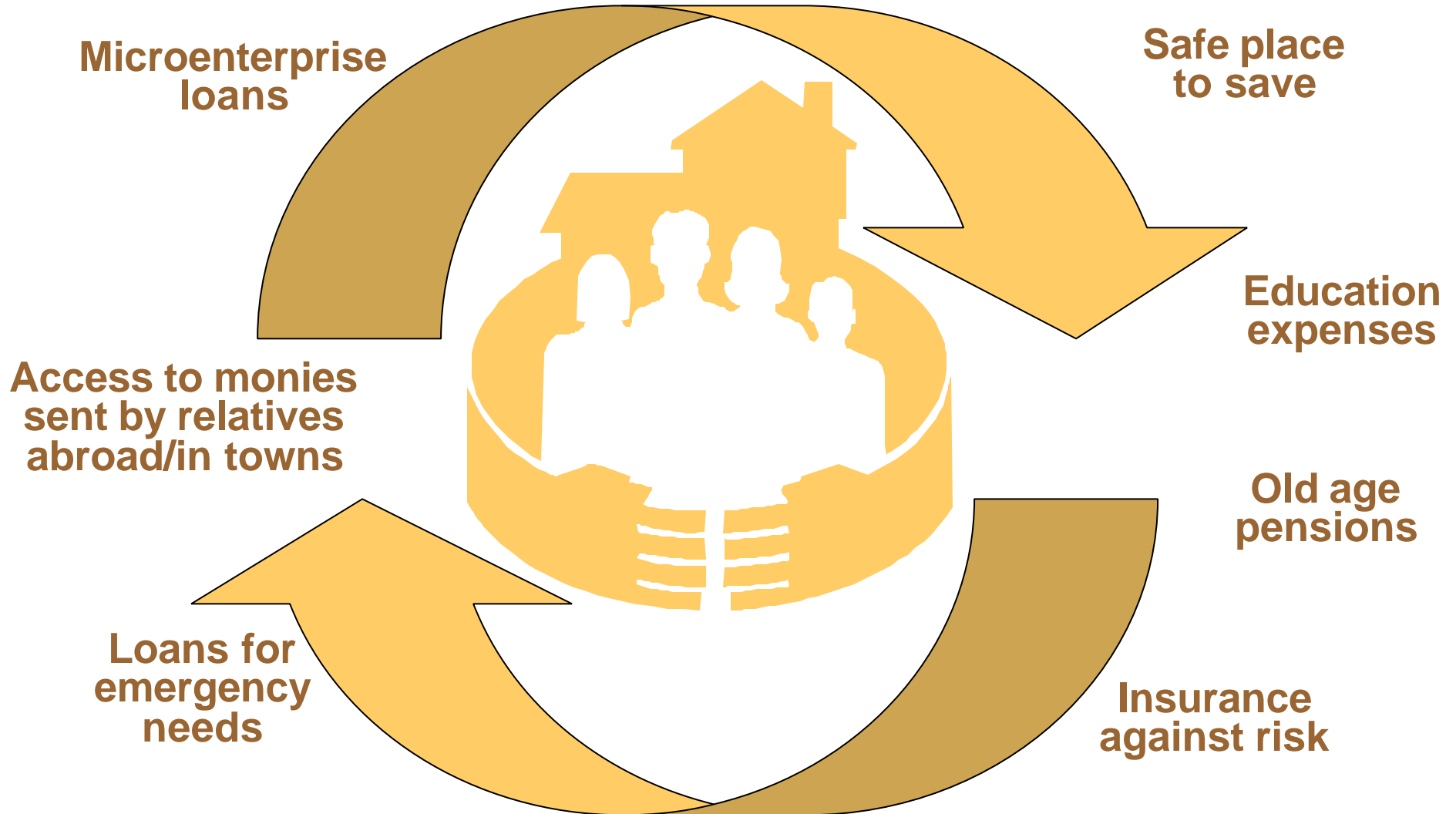
**Sustainable financial  
services to poor and  
excluded people...**

**... as a permanent  
part of the formal  
financial sector**



# Financial services needed by clients:

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**Microenterprise  
loans**

**Safe place  
to save**

**Education  
expenses**

**Access to monies  
sent by relatives  
abroad/in towns**

**Old age  
pensions**

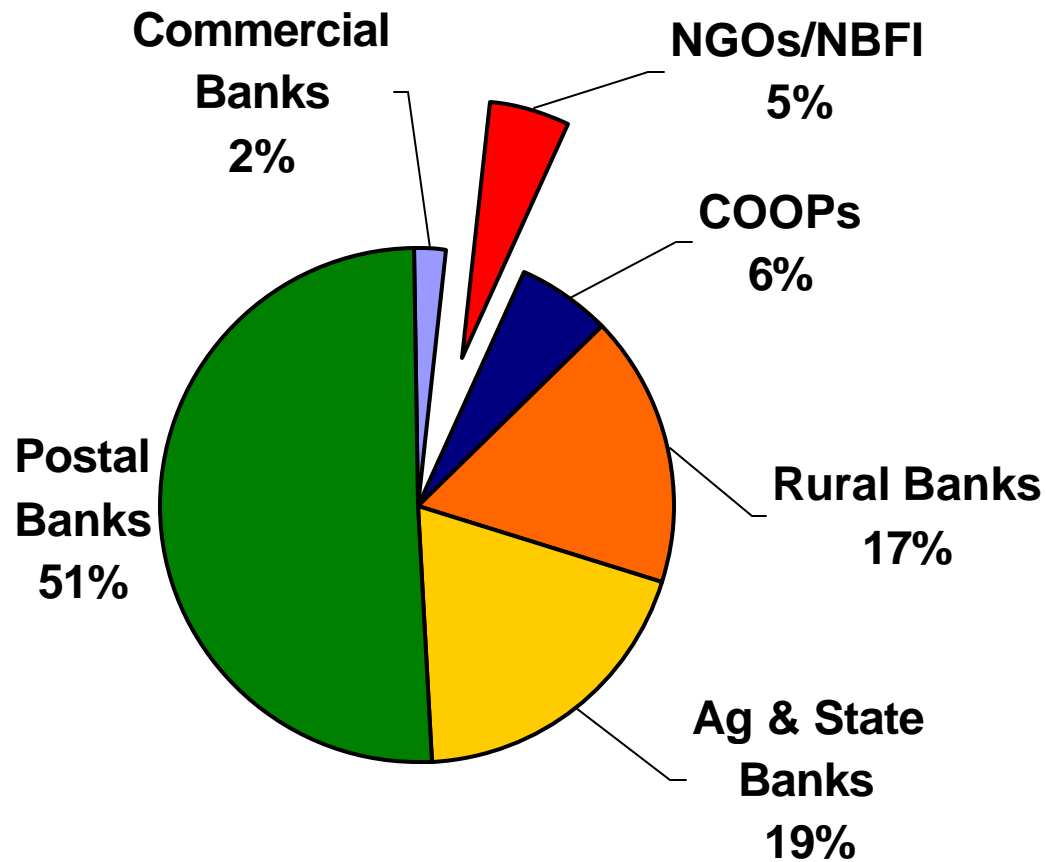
**Loans for  
emergency  
needs**

**Insurance  
against risk**

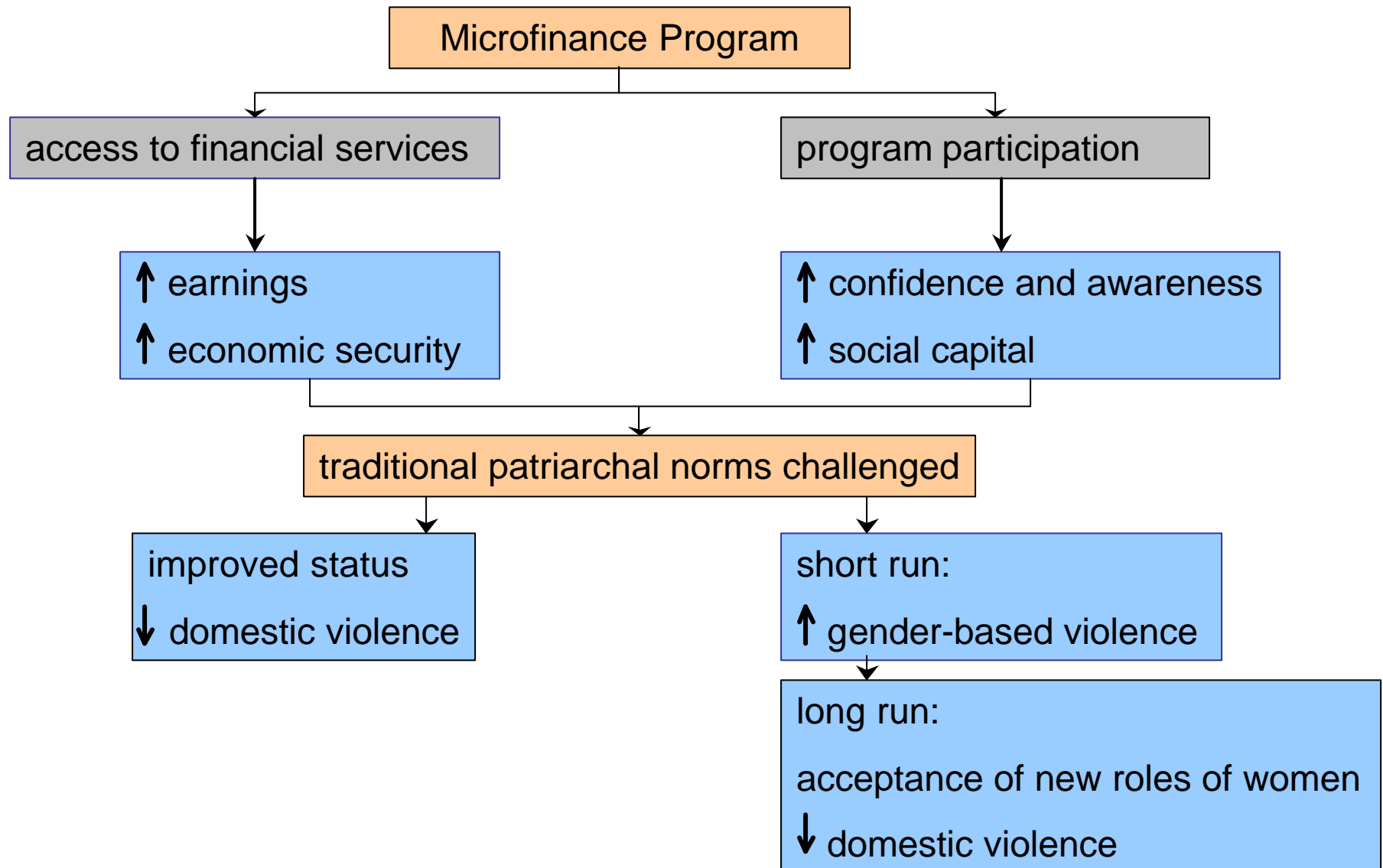


# Global providers of micro-financial services

750 million accounts in “social” financial institutions many likely to be poor



# Pathways towards empowerment





# Microfinance and women's empowerment:

## The counter argument

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- women used as conduit for loans to men  
(women have little control over loans)
- strict enforcement of repayment through coercion
- women's forced attendance in group meetings lead to domestic tensions
- emphasis on financial sustainability creates mission drift from focus on gender issues



## Evidence of empowerment...

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- **68% of members were making household decisions**  
(The Women's Empowerment Program, Nepal)
- **women who were principal household-fund managers increased from 33 to 51% due to program participation**  
(TSPI, Philippines)
- **women were in a stronger position to ensure children's access to food, schooling, and medical care**  
(World Education)



## Evidence of empowerment...

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- **credit program participants were more empowered than non participants due to their physical mobility, ownership and control of assets, involvement in decision making, and political and legal awareness**

(Survey of 1300 clients in Bangladesh)

- **increased contributions of resources to household led to increased self-worth and declining levels of tension and violence**

(SEDP, Bangladesh)

- **program participation led to increased self-confidence and improved status within the community**

(Freedom from Hunger, Bolivia/ Ghana)



# Evidence on domestic violence

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## Survey of 1300 households

- **19% of women reported being beaten**
- **married women between 20-29 yrs were likely to be beaten than older women**
- **women with loans were less likely to be beaten**
- **women with schooling were less likely to be beaten**
- **non microfinance women were 3 times more likely to be beaten than Grameen clients and -  
2 times more likely to be beaten than BRAC clients**

# Evidence on domestic violence

## Ethnographic study of 6 villages

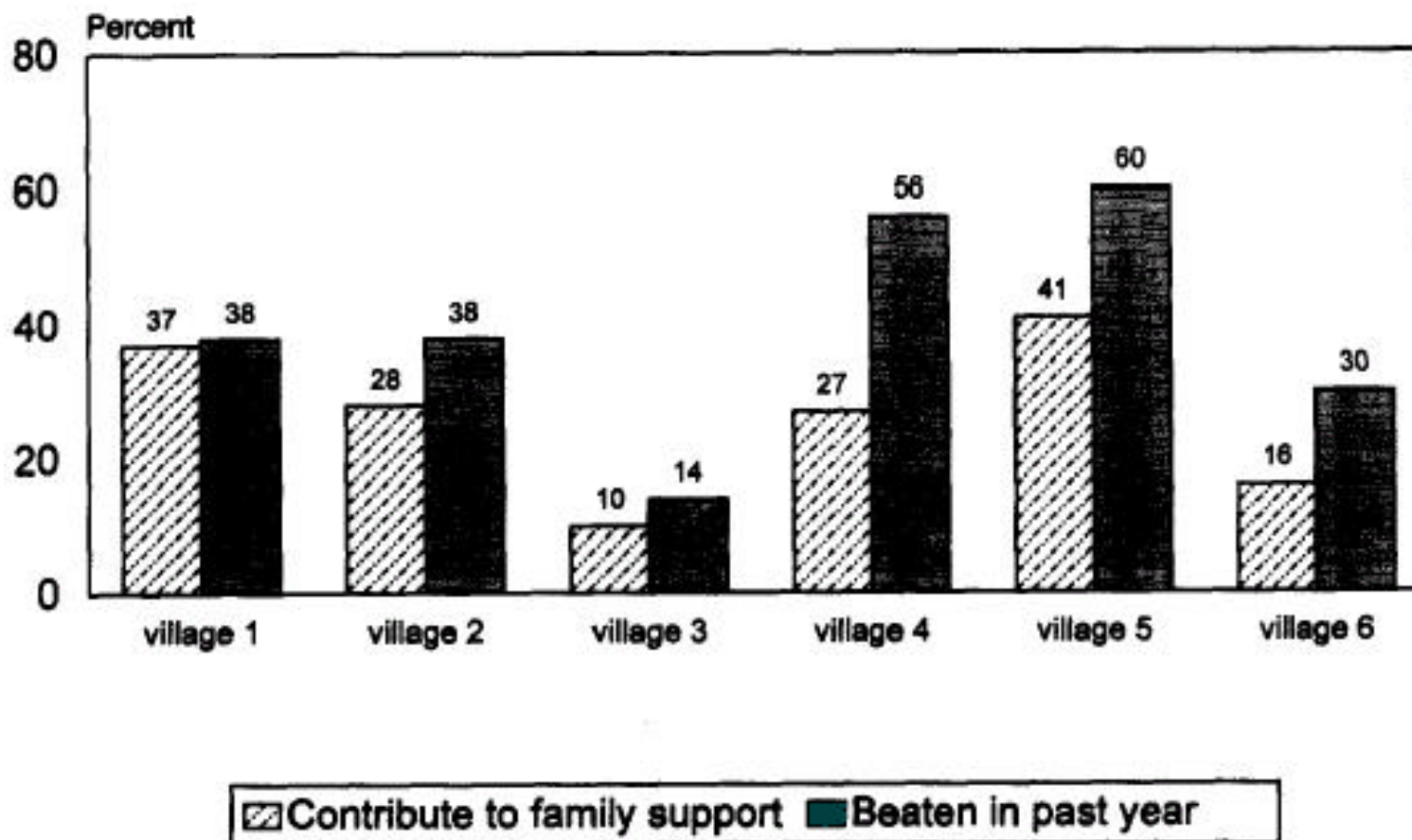


Fig. 1. Proportions of women beaten in the past year and contributing to family support in ethnographic study villages ( $N = 838$ ).

# Conclusions

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- **Microfinance can lead to increased confidence, decision making and control over resources, BUT this is by no means automatic. Program design is important.**
- **Participation in microfinance programs can lead to short term increase in violence. But this is a natural reaction of a patriarchy that is challenged.**
- **Access to financial services reduces capital market imperfection and reduces vulnerability of the poor.**
- **Domestic violence is anchored in deep rooted structures of power and ideological norms. Microfinance is no panacea but it does open up choices for poor women. Access to resources plus participation in groups can create conditions for long-term improvement in status and decreased violence.**



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**Thank You.**