

One goal of microfinance programs is to create change in the lives of clients. Whether the focus is primarily on practical change, such as improved living conditions or broader access to services, or strategic change that attempts to expand decision-making power or community roles, depends heavily on the policies and orientation of the program. Facilitating both practical and strategic change can assume many forms. Even in the course of developing a new financial product, such as a savings instrument, an organization can engage in a process of research, dialogue, and training that fosters an environment of courage and helps clients develop their capacity and engage in collective action, in addition to improving their ability to build assets and save for the future.

### **A Gold Thread: Building Assets and Courage with SEWA's Microfinance Members**

**Nanci Lee**

#### **Banking on Women**

Shri Mahila SEWA Sahakari Bank, a co-operative women's bank, was created in 1974 by the Self-Employed Women's Association (SEWA) Trade Association, for and by self-employed women shareholders in Gujarat, India.<sup>1</sup> For SEWA Bank, with roots in the trade union movement, empowerment relates directly to the practical financial needs of women, but goes much further. SEWA's definition of empowerment encompasses increased bargaining power at multiple levels, and various forms of collective, strategic change.

SEWA Bank's efforts to develop financial services for women, in particular their attempt to understand the role of gold in women's lives, is a compelling example of one organization's commitment to women's empowerment in terms of their practical and strategic needs. In the process of developing financial services to better serve women's practical interests, SEWA demonstrated the importance of abandoning preconceptions and engaging in serious inquiry. SEWA's example also reveals the relevance of social intermediation – group forums, problem-based skill building, organizational decision-making, and collective action – to serving women's strategic interests. Sustained commitment to building women's confidence and courage for undertaking economic activities is also a significant part of the organization's efforts.

#### **A Framework for Examining Empowerment of SEWA Bank Members**

Gender and development specialist Caroline Moser makes a useful distinction between women's practical and strategic needs, building on Maxine Molyneux's earlier ideas.<sup>2</sup> Practical needs, she says, relate to women's immediate concerns such as living conditions and access to resources, including financial services, without changing existing power relations. Strategic interests work to change institutionalized forms of discrimination or inequality and address issues such as decision-making power in the household, rights to own land or property, and community role and status.

In terms of practical interests, while improving the income and performance of women's businesses is helpful, it is also important to look at other aspects of women's economic well-being. For example, personal and household assets, as opposed to income and income growth, are particularly important to women who, more often than men, are concerned with risk-reduction, reducing income fluctuation, and diverting profits for

household consumption and long-term social investments such as education.<sup>3</sup> Supporting women in building their own asset base, such as savings in a safe-deposit box, is an important element of cultivating their independence.<sup>4</sup> Asset-building, therefore, has strong potential to bridge practical and strategic interests.

With respect to strategic interests, social intermediation or “soft” services seem to play an important role. For example, studies by World Education and Freedom from Hunger illustrate that the combination of education and financial services improves women’s control over resources, bargaining power in the household, and self-confidence.<sup>5</sup> Working Women’s Forum found that members of their grassroots network that promotes women’s micro and small enterprise were able to reduce domestic violence through group action.<sup>6</sup> Based on their experience in the Women’s Empowerment Program in Nepal, practitioners Jeffrey Ashe and Lisa Parrott cite three conditions for fundamental change at the individual or community level: opportunity or hope that change is possible, membership in a group of peers that supports the individual’s effort to change, and dynamic leadership that drives the process of change forward.<sup>7</sup>

SEWA Bank’s experience in developing its members’ asset-building capacity, specifically by using gold, is an example of the interplay between practical and strategic interests. The circles in Diagram 1 represent SEWA Bank’s specific strategies to support women’s practical and strategic interests through both financial and social intermediation. The end goal is that women’s financial strategies are supported and that they have participated in a process of empowering political change. As the diagram illustrates, meeting practical and strategic interests is not a causal, linear process, but a dynamic one, with much interaction between the two.

### **Practical Change: Supporting Asset Building**

Originally, SEWA Bank’s stance was that women should be spending less on gold and more in more “stable” investments. However, closer dialogue with the women helped the bank staff to see the important and varied economic and cultural roles of gold in the lives of their clients, prompting the staff to explore the possibilities for financial products related to gold.

The bank relied in part on extended household visits to understand the financial needs of its members. Bank staff members stayed in members’ households and engaged in extensive dialogue, a program developed with the consulting firm, FIDES, and inspired by the Association for the Promotion of North South Dialogue. The process allows an in-depth discussion of women’s past and current situations and future options.<sup>8</sup> It is considered a more open-ended dialogue than standard market research methods and uses dreams and opportunities as starting points for discussion rather than a list of needs.

Following the dialogues, SEWA Bank conducted a market research study to explore more systematically elements that arose from the household discussions. This dual research process allows the complexity and context of women’s lives to shape a more structured analysis, as opposed to the usual method of inquiry, which starts with a structured research design and seeks life stories to illustrate trends.<sup>9</sup>

The market research study determined that more than 75% of middle-aged members regularly purchase gold. They save about 6% of their income and spend roughly half of that amount on gold per month. Saving for gold was more common and also more likely to contribute to longer-term household and business investments.<sup>10</sup>

Four topics of the dialogues provided especially useful material for product design:

### *Coping Strategies*

Coping strategies reveal a great deal about borrowing behaviors and why women use certain resources rather than others. How are the women and their households managing debt and risk? In the case of gold, in its more liquid forms such as gold bars, it served as a form of insurance to be used at short notice. (It's worth noting here that, while liquid, gold bars do not give women the same status as gold jewelry.)

### *Accumulation Strategies*

Dialogue with members found that gold is accumulated in different ways for various financial needs. Most women prefer to save money to purchase gold. Fewer borrow from moneylenders, usually when gold is needed immediately for social obligations, since in India gold is a very important gift for weddings and other social occasions. Women also save in gold; it acts as a long-term savings account for weddings and education. Savings for either the woman's or her children's education represents an example where practical and strategic interests intersect. Gold is also used as collateral value against which loans or other financial services can be accessed.

### *Past Strategies*

Past coping and accumulation strategies also serve an important role and show both personal and household patterns. Mapping a woman's life story with her economic goals includes her asset-building before, at the time of, and after her marriage. These patterns show important trends about the decisions she makes at the individual and household levels, and how she has managed periods both of difficulty and of excess income. At different times of their lives, for example, women have different demands for gold.

### *Reasons for Choosing One Financial Option Over Another*

Dialogue helps to explore the reasons for making certain decisions. This type of analysis provides detailed and cumulative information about criteria such as liquidity, returns, and security, and is very helpful in designing specific characteristics of a product. Combining market research information from the study and the "why" information from the dialogues, SEWA Bank is exploring a savings product for gold where terms vary from one to five years, installments are small and frequent, and withdrawal options allow clients to withdraw in quality gold or cash.

The in-depth household process is practical in terms of providing information for product design. However, it is also strategic in that it offers insight into the complexity of women's lives, their coping strategies, and how they are working toward their long-term goals. Therefore, the point of departure is not women's work specifically, or an analysis of their business or income-generating activities, but their long-term dreams, which are related, but not limited to, financial strategies. Issues other than finances, such as health care provision, domestic relations or restrictive organizational or government policies become apparent. In the case of gold, for example, SEWA Bank came to understand that gold jewelry, as compared to gold bars, is a personal asset for women, whereas bars are a household asset often in a husband's or in joint control. For many women, it is important

to build household as well as personal assets, since they represent a form of insurance in the event of a husband's death.

### **Strategic Change: Capacity, Forums, and a Culture of Courage**

In addition to the forum SEWA Bank provides, members frequently take the initiative to create a discussion space themselves. Constructing a context where members are willing and able to do this requires appropriate strategies such as group forums, capacity building, participation in decision-making, and a systematic process for fostering courage among members.

#### *Capacity Building*

Returning to the example of gold, SEWA Bank originally focused on educating women to spend less on weddings, to save in cash in banks rather than in gold, and to borrow for productive purposes only. Bank staff discouraged, in a fairly didactic manner, the use of financial services for non-productive activities. For their part, members re-educated SEWA Bank staff to treat productive and non-productive activities as seamlessly as they themselves do, and to appreciate the complexity of their issues.

Capacity building, in its crudest form, is simply knowledge or skills transfer. The capacity-building work with members currently focuses on helping them to strategically address important issues such as dealing with heavy expenses, and the implications of certain financial options over others. At least once a month, SEWA Bank holds capacity-building sessions with its members to address self-governance and financial planning, among other topics. In these sessions, the Bank begins with the context of women's dreams for the future to help them decide which financial options are most appropriate.

Capacity building, when it is the product of real discussion, can provide powerful insights into women's strategies and household relationships. Problem-solving scenarios are vital parts of this process, where there is no right or wrong answer. Helping women to sort through the various criteria around financial options and weigh these options effectively supports their strategic interests. Understanding their reasoning can help in designing the financial product. At the same time, supporting women in problem solving can strengthen their capacity to understand the complexities of various financial options. Thus the practical and strategic are related.

#### *Forums and Collective Action*

Supporting individual problem solving is both delicate and challenging, and must be bolstered by decision-making forums at all levels, from the group level to national policy. Not all women are initially comfortable discussing difficult issues, so the introduction to collective activity often takes the form of a discussion group with peers. According to a study on the impact of the financial education, members of such groups, especially their leaders, reported benefits that included an increased feeling of confidence and security, and a greater role in household financial planning.<sup>11</sup>

In order to address strategic interests, it is important not to limit decision-making to the group level. Members of SEWA Bank, for example, can participate in policy and programming by sitting on the Board (comprised largely of members), or by becoming group, district, or neighborhood leaders. Leaders and board members then represent the membership and provide their input into the development of new financial products. A

challenge is ensuring that members are genuinely represented, and that the diversity of voices is heard. With more than 200,000 members, that is no small task.

In the same way group forums support individual problem-solving, it seems that the possibility for women to mobilize or take part in collective action depends upon their ability to problem-solve and question. SEWA Bank functions as more than just a financial institution; its members are engaged in processes of collective action as part of a trade union. SEWA's trade union has advocated nationally on issues of broad concern to their membership and contributed to changes in workers' rights, by-laws affecting street vendors, and working conditions of rag-pickers and other self-employed women. Members are able to participate in and see the benefits of this collective action and learn to leverage it to broaden their existing opportunities.

### *Culture of Courage*

Marilynne Robinson, a social philosopher, reminds us in an exploration of democracy and liberalism that many people have convictions they don't act upon, and that "courage is rarely expressed except where there is sufficient consensus to support it."<sup>12</sup> For a financial institution that also considers itself part of a social movement, cultivating the courage among members to negotiate for their own interests is crucial. This is SEWA Bank's greatest challenge. At best, group forums and leadership can encourage members to strengthen their capacity and participation – in essence, to become political. At worst, leadership can be a crutch, enabling members defer to their representatives rather than acting or learning themselves. Perhaps worse still, groups can support a coercive process of maintaining the status quo. SEWA Bank works hard to ensure accountability and a genuine capacity to challenge and question.

The effectiveness of any form of significant change depends on the courage to challenge existing systems and structures. Without courage, a woman's individual assets do not increase bargaining power in her household. Without courage, reasons for choosing one financial option over another remain static problem-solving techniques rather than means to address larger issues. Strengthened capacity to challenge unequal systems holds members, leaders, and the group process itself accountable.

Yet, a culture of courage requires more than simply putting accountability measures in place. Addressing the lives, issues, and dreams of women is a strong start. As Ashe and Parrott described earlier, hope and opportunity are important elements of change. They must be tangible to members. To support this culture, lateral sharing between groups and role models is critical. For example, a campaign to reduce high expenditures on weddings highlighted members who found other solutions, such as collective weddings. Women need such positive examples that illustrate how taking a risk or challenging the status quo can be fruitful. Building this type of environment is an ongoing struggle that includes capacity building, quality interaction between staff and group members, and an open relationship between management and staff. All of this is part of SEWA's broader challenge to continue to energize a large and growing political movement that remains true to its original principles.

### **Implications for Programming and Policy**

While the example in this paper focuses on SEWA Bank members and gold, some of its

most salient points are useful for other organizations and projects that attempt to address women's practical and strategic needs.

### *Practical*

Deep inquiry into households is a powerful means of understanding women's financial strategies in order to design relevant products and services. These instruments, in turn, can lead to individual and household changes in income and assets. Beyond practical outcomes, the life-story process itself is important. This process of looking closely at women's lives is open-ended enough to position practical interests within broader strategic goals.

Further research would be helpful to better understand the complex relationship between practical and strategic interests, particularly in terms of the types of financial and social intermediation that are most effective.

### *Strategic*

To encourage women to genuinely weigh options and take control of their own problems, capacity building should focus on their actual experiences and issues as a starting point and set aside preconceptions about what "should be."

Group forums give women opportunities to problem-solve and benefit from peer perspectives and strategies as well as to participate in decision-making. Forums such as associations and trade unions are also important because they allow women to take collective action and advocate for political and legal changes. Creating a culture of courage and opportunity that fosters questioning and encourages women in their own process of change is as important as capacity building and forums.

SEWA Bank's concept of self-reliance or empowerment stems back to its roots as a social movement influenced by Gandhian principles of leadership. Building capacity and giving voice to a rapidly growing membership, now expanded to remote rural areas, is certainly not without its challenges. However, SEWA Bank's commitment to its members and their interests is clearly a story from which other organizations can learn. In light of these lessons, the question microfinance practitioners must ask ourselves is whether we are creating enough opportunities to increase the likelihood of both practical and strategic change for women.

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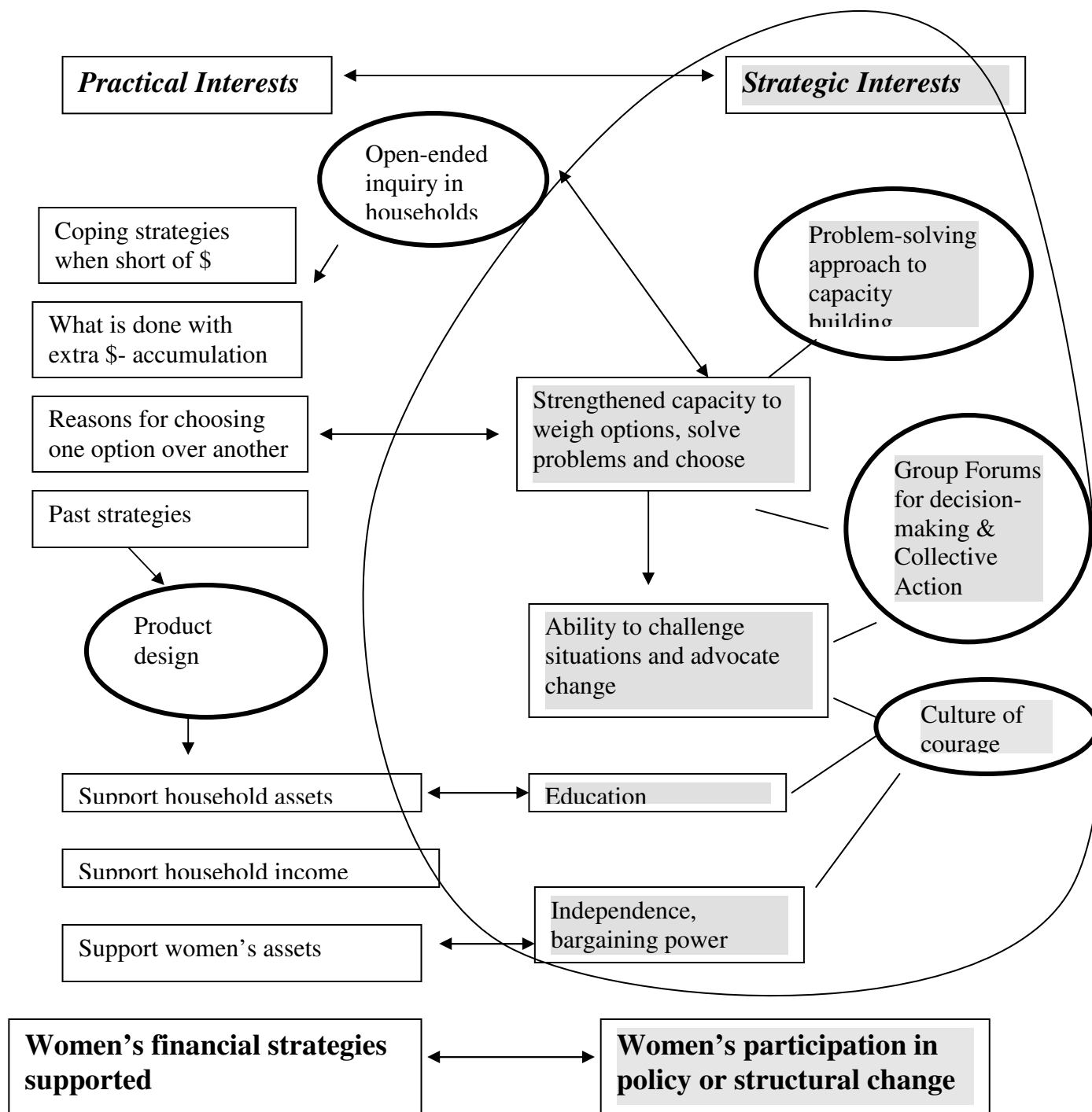
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This article is based on my exposure to SEWA Bank and its programs through a capacity-building partnership between Coady International and SEWA Bank's Rural Training Unit from 2002-2004. The article draws heavily on dialogues and work with Jayshree Vyas, managing director; Kapila Malvi, rural training coordinator; and the SEWA Bank team.

<sup>1</sup> The Bank was created for the following reasons: to allow women to escape the clutches of moneylenders; to rescue mortgaged/pledged assets, such as land, ornaments, and cattle; to create assets, such as a house, savings, and equipment; to expand women's business through productive credit; to cope with losses due to sickness, accidents, death, floods, and riots; to increase women's bargaining power, improve their living conditions, and ultimately empower them.

<sup>2</sup> Caroline Moser, "Gender Planning and Development."

<sup>3</sup> Downing, "Gender and the Growth and Dynamics of Microenterprises;" Barnes, "Assets and the Impact of Microenterprise."

<sup>4</sup> Vonderlack and Schreiner, "Women, Microfinance, and Savings."

<sup>5</sup> Sherpa, "World Education;" Mknelly and McCord, "Credit with Education."

<sup>6</sup> Working Women's Forum, "Social Platform."

<sup>7</sup> Ashe and Parrott, "PACT's Women's Empowerment Program."

<sup>8</sup> FIDES/SEWA Bank, "Tools for Reflection and Dialogue."

<sup>9</sup> Linda Mayoux, "Empowering Inquiry."

<sup>10</sup> Petrova, "Report: Gold Product Research."

<sup>11</sup> Vyas, "SEWA Bank's Savings and Credit Groups."

<sup>12</sup> Robinson, "The Tyranny of Petty Coercion."