

Impact case study (REF3)

Institution: University of Essex		
Unit of Assessment: 17		
Title of case study: Changing Policy and Practices of Financial Inclusion and Risk Management to benefit low-income households and address gender inequality		
Period when the underpinning research was undertaken: 2016 - 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): Thankom Arun	Role(s) (e.g. job title): Professor of Global Development and Accountability	Period(s) employed by submitting HEI: Jan 2016-present
Period when the claimed impact occurred: 2016 – 2020		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact		
<p>Essex research on financial inclusion has improved the accessibility of insurance products to low-income households. Through Professor Arun's leadership of an International Cooperatives and Mutual Insurance Federation project, an additional 2 million households have accessed protection who otherwise would face the risk of slipping into poverty if an adverse event were to occur. Arun's research strand on gender has been used in India by state and local governments to improve the design of policies and guidelines, influencing practices as diverse as managing relief camps to ensure gender inequality is addressed in the policy guidelines for start-ups training.</p>		
2. Underpinning research		
<p>Professor Arun's programme of research builds upon the central insight that poor households are detrimentally affected by limited access to, and inadequate provision of, financial services. He addresses three key strands: financial inclusion; risk management; and gendered dimensions of financial behaviour.</p> <p>As a key enabler for development, financial inclusion has earned its place as a key policy priority for many governments [R1]. Building on Professor Arun's existing research in South Africa which examined the potential lack of demand for financial services, this research demonstrated that values, perceptions and attitudes affect the demand for financial products and the roll out of financial inclusion. The findings strongly suggest that the behavioural constraints on access to finance are increasingly important and should be considered in policy and practice. Professor Arun is currently working on an UKIERI project [G1] on <i>Mainstreaming Financial Inclusion</i>, analyzing the products and services through which financial inclusion efforts can be mainstreamed, and developed an innovative approach to quantify the incentives and costs involved in targeting unbanked households [R1].</p> <p>Professor Arun's research has established the significant role that microinsurance plays as a preventive risk-coping strategy, reducing low-income populations' vulnerabilities [R2]. Even though the poor have high incentives to secure against future shocks, their ability and willingness to take part in micro-financial services such as insurance increases with rising self-awareness of risk. The research also identifies the importance of a household's experience of shock and its impact in prioritising and sequencing the type, number and the combination of assets. The impact of risk exposure as a determinant of households' use of micro-financial services such as insurance has been examined in Sri Lanka [R2], and it has been established that participation patterns in different microinsurance options indicate if the participation in specific insurance schemes is complementary or a substitute. In 2017, the International Cooperative and Mutual Insurance Federation (ICMIF) invited Professor Arun to be Chair, Financial Inclusion and to oversee a research project on</p>		

inclusive insurance in India, Philippines, Kenya, Colombia and Sri Lanka.

Professor Arun also investigated women's financial behaviour in terms of their use of higher order financial services in Ghana and South Africa, based on a gendered and social characteristic analysis of financial behaviour [R3]. The findings highlight that gender differentials are related to expected differences in gendered behaviour, yet generalizations on how gender relates to risk aversion are not supported. Rather non-financial approaches may explain how social relations propel women's decisions to prioritise the use of financial services as a result of ascribed gender and social roles. He has also examined the impact of information networks, namely media and social networks, on female-headed households' financial decisions in India [R4]. Professor Arun's work on the development of start-ups in Bihar [R5] has also highlighted the need for the start-up policies to incorporate gender specific roles and contexts within which women operate businesses in India. In a similar vein, the work on floods in Kerala [R6] further highlighted the need for gender based financial policies in crisis management.

3. References to the research [available from HEI on request]

[R1] Arun, T., Markose, S., Ozili, P. (2020) Financial Inclusion, *At What Cost?* Quantification of Economic Viability of A Supply Side Roll Out, *European Journal of Finance* 1-26. <https://doi.org/10.1080/1351847X.2020.1821740>

[R2] Bendig, M., Arun, T. (2016) Uptake of Multiple Microinsurance Schemes: Evidence from Sri Lanka, *The Geneva Papers on Risk and Insurance*, 41 205-224, <https://doi.org/10.1057/gpp.2015.36>

[R3] Annim, S, K., Arun, S., Arun, T. (2016) 'Even' After Access to Financial Services? Ricocheting Gender Equations *IZA Discussion Paper 10099*, , Institute for the Study of Labor (IZA), Bonn <http://ftp.iza.org/dp10099.pdf>

[R4] Bose, U., Arun, S., Arun, T. (2020) What You Do Know Is Good for You: Information Networks Among Female-Headed Households in India, SSRN https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3549205

[R5] Arun, T., Joseph, R. (2019) [India's Challenges in the Global Landscape of Start-Up Ecosystem](#), Global South Colloquy

[R6] Arun, S., Arun, T., Padmanabhan, N., Sherif, S., Thomas, S. (2018) Lessons from Kerala Flood Relief, Policy report submitted to the Government of Kerala regarding the lessons from flood relief activities (available on request).

Research funding

[G1] Arun, T. Mainstreaming of the Financial Inclusion Agenda in India. UKIERI, £199,870, 2017-2020.

4. Details of the impact

Improved financial inclusion through heightened access to cooperative and mutual microinsurance

Professor Arun's research on risk management [R3, R4] found that policies should develop more inclusive and composite packages of microinsurance products for greater financial inclusion of the poor. Based on the originality of the research on risk management, in 2016 Professor Arun was invited to serve as the Chair of the financial inclusion committee of the International Cooperatives and Mutual Insurance Federation (ICMIF) to provide leadership to ICMIF's efforts to improve access to microinsurance for low-income households. As a result, between 2016 and January 2019 this programme has reached over 2,000,000 low-income households, impacting roughly

10,000,000 lives who now have microinsurance where they had previously not had any insurance protection [S1].

The work of Arun in the ICMIF “5-5-5 mutual Microinsurance Strategy” [S2] has also led to the development and publication of diagnostic reports [S3, S3a, S3b, S3c] on the landscape of mutual and cooperative microinsurance in India, Kenya and the Philippines which have led to the delivery of insurance products that are most appropriate to the needs of each market. This work's primary beneficiaries are low-income households who gain access to affordable and appropriate insurance products. These products ultimately provide mitigation against the risks of these consumers' everyday lives, and mitigates the negative impacts of adverse events, preventing the household from slipping into poverty. Secondary beneficiaries include the insurance providers – mutual microinsurance institutions – which have gained valuable insights into the design and delivery of appropriate, inclusive and composite microinsurance packages, and improved technical knowledge for greater financial inclusion. Tertiary beneficiaries include the ICMIF – the global representative body of the cooperative and mutual insurance sector – as well as the countries where the project is running, as the work helps to demonstrate their shared commitments to improving the resilience of poor people to disasters and the United Nations Sustainable Development Goals [S1].

The Senior Vice-President of ICMIF states: ‘As Chair of the Steering Group this [strategy] has resulted in impact at various stages of the project, including the development and publication of the first-of-its-kind diagnostics reports on the landscape of mutual and cooperative microinsurance in India, Kenya, Sri Lanka and the Philippines. These reports subsequently enabled ICMIF to deliver appropriate insurance products to the specific needs of the market where there were none before. Since 2016, 2 million low-income households have been covered with mutual or cooperative microinsurance as a result of the 5-5-5 Strategy, this means 10 million lives have been protected at a cost of less than one US dollar per household.’ [S1].

Changing the perspective of the gendered nature of financial behaviour

Professor Arun's research identified that in order to improve the resilience of low-income individuals in managing their finances, there is a need for improved sequencing and innovation of financial products and financial education [R4, R5 and R6]. In India this research has been used to develop intensive gender-focused approaches in supporting start-up enterprises in Bihar and running relief camps in Kerala directly influencing the development of policy and government guidelines in both states.

a. Amending the start-up practices and policy in Bihar

In 2017, Arun organised a series of training and research workshops with the Start-up Incubation Centre of the Chandragupt Institute of Management Patna (CIMP) which drew on Arun's research [R4, R5] to encourage and support female led entrepreneurship in Bihar [S4].

Urban Kare, a government certified start-up in the State of Bihar commented: ‘...[we] benefitted from the handbooks issued during the workshop which contains theoretical and practical knowledge...Many of the entrepreneurs...also shared how the workshop has empowered them to examine the existing practices of their business.’ [S5] While Bihar Mahlia Udyog Sangh Patna, an apex body of women entrepreneurs in Bihar commented that: ‘BMUS have taken adequate note on the findings to promote risk-taking ability among our female entrepreneurs amidst the challenges of part-time nature of the job and work-life balancing pressures’ [S6].

Based on a study of 104 start-ups in Bihar research highlighted the inconsistency in the definitions of women's entrepreneurship between the start-up policies of the state of Bihar and India's national policy [R4]. Consequently, the Government of Bihar agreed to revise the 2016 Start-up Policy in order to reflect the nature of women's participation (harnessing gender capital) in start-ups, and to reform the entrepreneurship ecosystem into the policy.

Building on the workshops in 2017 CIMP Director stated: *'[We]...have recommended State functionaries to revise the start-up Policy 2016 of the State of Bihar in terms of its definition for Women Entrepreneurship. With this development, the start-up policy will be in line with the Start-up India Policy. This development will ensure proper participation by female entrepreneurs in the state of Bihar.'* [S4].

The research findings were discussed with Invest India (official consultants nominated from Start-up India to overlook State's progress) in a meeting held in April 2019, in the presence of Indian Telecom Services (ITS) Director Technical, based on which these recommendations will be incorporated in the Policy Revision in 2021. These revisions will benefit the operation of the policy in practice, and also contribute substantially to the aim of attaining gender equality through entrepreneurship and start-ups.

b. Running of flood relief camps in Kerala

Natural disasters are becoming increasingly common with a cascading effect on communities and infrastructure. Research [R6] analysing the relief operations of Kerala floods was based on primary research with 921 affected inmates of relief shelters, 24 camp managers and 317 volunteers, along with rapid evaluation of secondary data. Despite many significant advances in the state for improving preparedness, response and recovery programmes for Disaster Management, the need for an effective interconnected management plan is a severe gap in policy and there is a call for ways to develop programmes to manage and mitigate multiplying risk occurrences. The UKIERI funded study found gaps in existing policies, evidenced through weaknesses in governance and institutional capacities. Arun recommended steps for a gender sensitive, inclusive relief management plan that enhances preparedness, management and transition of communities to work in tandem with authorities to alleviate the effects of recurring disasters to both the Kerala State Disaster Management Authority and the Kunnukara Panchayat. Both acknowledged that the practical and inclusive recommendations have informed the designing of gender sensitive, inclusive shelter camps in Kerala in the future [S7]. Based on Arun's research Kunnukara Panchayat, a region that was most devastated by the floods in Kerala in 2018 has established digilockers for residents to enhance the preparedness of communities to face future disasters through safeguarding important official documents. [S8].

The Kerala Institute of Local Administration, an autonomous body constituted by the Government of Kerala states: *'suggestions made by your study team to enhance gender sensitivity and inclusiveness...will motivate local bodies to re-evaluate resilience and preparedness at the grassroots level. Specifically, the recommendations for safe and equitable relief camps that provide both voice and participation of women will add much value, given the States focus on gender mainstreaming policies and its success in gender inclusive strategies at the grassroots levels. Such ways forward will help in formulating socially inclusive disaster management policies, including harnessing the potential of all groups of women, including volunteers who have been the backbone of our community structures'* [S9].

5. Sources to corroborate the impact

[S1] Testimonial from International Cooperatives and Mutual Insurance Federation.

[S2] The International Cooperative and Mutual Insurance Federation (ICMIF) 5-5-5 Mutual Microinsurance Strategy, 2016 (p. 6).

[S3] ICMIF Press Release, 17 July 2017. 'First of its kind report highlights enormous potential for developing mutual and cooperative insurance for the poor in India'.

[S3a] ICMIF country diagnostic report on mutual and cooperative microinsurance in Kenya, September 2018 (pp. 2, 3).

- [S3b] Mutual & Cooperative Microinsurance in the Philippines A landscape study, May 2018 (p. 3).
- [S3c] The missing chapter of microinsurance in India: a diagnostic of mutuals, July 2017 (pp. 2, 3).
- [S4] Testimonial from the Chandragupt Institute of Management Patna. An autonomous institution actively supported by the Government of Bihar supporting start-ups.
- [S5] Testimonial from Urban Kare, a government certified start-up in the State of Bihar.
- [S6] Testimonial from Bihar Mahlia Udyog Sangh, women's entrepreneur network in Bihar.
- [S7] Testimonial President of Kerala State Disaster Management Authority.
- [S8] Testimonial from President of Kunnukara Grama Panchayat in Kerala.
- [S9] Testimonial from Kerala Institute of Local Administration.