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Financial Inclusion Among Transgender Community: A Perspective

Aneesha M A¹
Pankaj Kumar Baag²

¹Doctoral Scholar, Finance, Accounting & Control Area, Indian Institute of Management, Kozhikode, IIMK Campus PO, Kunnamangalam, Kozhikode, Kerala 673 570, India;
Email - aneesha13fpm@iimk.ac.in

²Assistant Professor, Finance, Accounting & Control Area, Indian Institute of Management, Kozhikode, IIMK Campus PO, Kunnamangalam, Kozhikode, Kerala 673 570, India;
Email - baagpankaj@iimk.ac.in, Phone Number - 0495-2809121

FINANCIAL INCLUSION AMONG TRANSGENDER COMMUNITY

ABSTRACT

This paper attempts to present a perspective to the existing gap in the literature by delving into the problems that the transgender community faces in accessing formal financial services. Though the topic of the gender gap and financial inclusion is widely discussed in the literature, many a time, the discussions are constrained to the binary gender classification of men and women. The existence of third genders or transgender people is often ignored, and this ignorance actually can thwart the attainment of the overall financial inclusion goal. This paper lays down the status of transgender and the extent of financial inclusion in India in general and specifically in Kerala, pointing out the limiting supply-side and demand-side factors hindering financial inclusion among transgender people. Recommendations that could facilitate better financial inclusion of this marginalized group were discussed. These include policies to lift the social stigma, approachable policies, and procedures that involve removing psychological, physical, and regulatory barriers, including access to microfinance.

Key Words: Financial Inclusion, Transgender, Discrimination, Exclusion, Policies

INTRODUCTION

“In a divergent country like India, factors such as class, caste, gender, religion, ethnicity plays a profound role in influencing an individual’s socio-economic and political life. Societal build hierarchies on constructs like caste, gender, etc. delineate and hamper an individual's role in the economy and influence his/her access to institutions and services”.

Gender equality has been identified as an essential goal under the SDGs of the United Nations (United Nations, 2017). It is presumed that through improvement in gender equality, the productivity, growth, and development process of an economy can be enhanced (gender equality and development, 2012). The topic of gender equality is widely addressed in the literature. However, we find a trend in the discussion. The discussion revolves around the bipolar classification of gender or the binary classification, i.e., male and female. The existence of the

third gender or transgender people is often ignored or absent in such discussion. Can gender equality be attained if we miss a particular class of gender and give undue importance to other groups? Can the mission of gender equality be achieved in a true sense without considering the upliftment of transgender people? The answer to this question will be “NO,” and it has to be understood that lagging behind any gender groups from the developmental process will not fulfill the true essence of equality. This perspective study attempts to move beyond the binary gender classification and probe the level of financial inclusion among the transgender community and the hurdles they face in accessing financial services.

Financial inclusion is considered important from a research and policy perspective, and it is viewed as a cornerstone for economic growth and development. Financial inclusion is widely addressed in the literature, and many types of research are still ongoing on this topic that includes exploration from various dimensions. One such dimension has been the view on gender. We find that financial inclusion has mainly considered the upliftment of women and their participation in formal financial services. The transgender's exclusion from the formal financial system has not grabbed much attention from researchers and policymakers. This study tries to come up with a perspective that identifies this issue. These include the various problems faced by transgender people in accessing financial services and the factors contributing to their exclusion from financial services. The paper presents the status of transgender people in India and Kerala, along with the financial inclusion of transgender people and the critical challenges faced by transgender people in accessing financial services. Recommendations that policymakers can use to speed up the financial inclusion process among transgender people are also laid down in this paper.

TRANSGENDER

The Transgender Persons (Protection of Rights) Bill defines transgender as “ *whose gender does not match with the gender assigned by birth and includes trans- men, trans- women, gender-queers and other socio-cultural identities.*” Transgender community is one of the marginalized communities that face exclusions from various walks of life. They face societal exclusion and discrimination from multiple parts of social life. Studies have pointed out that poverty rates are incredibly higher among transgender people, and they face humiliation, harassment, and violence from various segments of society. They receive poor health and sanitation facilities and receive

minimal job opportunities. They face great difficulty practicing their fundamental rights and find it troublesome to access various services and social integration. Transgender people are destitute from accessing adequate financial products and services from formal financial institutions.

TRANSGENDER COMMUNITY IN INDIA:

In a country like India, a person's identity is profoundly ingrained in demographic characteristics like gender, race, caste, religion, ethnicity, etc. Constrained by social stigma and legal acceptance, the transgender community in India is confronted with various educational issues, employment opportunities, healthcare services, etc. These communities are denied access to essential services and face limited opportunities for economic participation. The environment they live in is riskier. They lack security in terms of collateral assets, formal employment, and regular income. The legal finance sector either ignores this section of society or failed to penetrate this fragment by crossing the economic boundaries divided into regulatory barriers, physical barriers, and psychological barriers. Hence, these communities remain excluded from the traditional banking system. They find it extremely difficult to get loans and other financial products through the conventional financial system.

The third gender in the country was first accounted for in the 2011 census of India. The census data revealed that around 490,000 third-gender individuals live in India. As per Times of India data, about 66% of the third gender population lives in rural areas. Their literacy rate is only 46% as against the 74% literacy rate of the general population. Looking into the facts revealed by the 2011 census, states like Andhra Pradesh, Madhya Pradesh, Jharkhand, Orissa, Uttar Pradesh, Uttarakhand, and Manipur showed a higher ratio of third gender population to the total population. States like Gujarat and Kerala have the lowest proportion of third gender population compared to the total population. This higher ratio of the transgender population in some states may be because some of these states showcase an accommodative behavior than others, allow open self-identification, and provide better livelihood options regarding employment, education, or a safer environment. Suppose we examine the level of literacy rates of these communities in various states of India. We will observe that the third gender people in Kerala, Karnataka, Goa, Maharashtra, and Mizoram lead in terms of literacy rate.

In contrast, the third genders in Rajasthan, Madhya Pradesh, Jammu and Kashmir, Bihar, Jharkhand, and Meghalaya lack literacy or have significantly lower literacy ratios. This lack of literacy rates is also highly correlated with the employability and livelihoods of these community members. The unemployment rate of the third genders is high in almost all states of the country. Among the states, unemployment rates of the third gender community members are higher in the states of Kerala, Orissa, and Chattisgarh. In Kerala, the third genders face the issue of unemployment even though they have high literacy rates. In the states of Orissa and Chattisgarh, both education level and employability are lower, and these aggravate the challenges they face in these states.

Incorporating third gender information at the state level is good to start within the census. Still, it is to be noted that the 2011 census data lack spatial and demographic resolution, as a result of which it is impossible to obtain district level and taluk level data. For formulating models and schemes, optimal resource allocation, and decision-making purposes, segmented data are essential, and incorporating these dimensions in the upcoming census will add more value.

The government of India has taken several initiatives to foster the growth and development of transgender people by introducing several welfare schemes. National pension scheme for a transgender person, pre-matric scholarship for transgender students, skill development and training program assistance, financial support for parents of transgender children are few initiatives from the part of the Government of India to support transgender people both socially and economically.

PROBLEMS FACED BY THE TRANSGENDER COMMUNITY

Due to lack of clear legal protection and societal discrimination, transgender people wrestle to find a safe working environment and housing and bear higher medical expenses than others. Inadequate support from family and the hostile environment from schools and other educational institutions make most of them run away from their home and drop studies at a very early stage. The unwelcome school environment and harassment and bullying from fellow students, teachers, and administration put psychological pressure on many such youngs who found their gender identity and behavior contrasting from their assigned sex at birth. Due to these factors, it becomes difficult for transgender students to acquire required skills and knowledge from formal schooling and

education and remain incompetent for higher-level jobs. Thus they have to get satisfied with fewer employment avenues to earn their bread and butter. The low income they make due to employment discrimination makes it hard for them to make both ends meet and save significantly less for the future.

Regarding *employment discrimination*, the transgender community often faces denial of a job not because they are unqualified for the job but simply because of who they are. These people experience harassment, mistreatment, and discrimination in pay and work role assignments at the workplace. Due to this high rate of employment discrimination they face in the formal or legal employment avenues, many are forced into sex work, begging, drug sale, underground activities, or any other activities that generate income.

Safe and secure housing is a basic need for individuals, and everyone has their rights to rental and ownership opportunities. Many are either homeless or are at risk of *homelessness*. It is bleak that transgender people are often denied this fundamental right or subjected to housing discrimination. Reports state that one in every five of these people had faced denial of rental and ownership opportunity because of their gender identity. Even if they get a housing option, they have to pay a considerable amount, and the facilities will be less desirable. Since most transgender people were forced into leaving their families due to lack of acceptance, they were obliged to find a living place, for which now they have to spare a significant chunk of their income.

The transgender community faces extreme financial insecurity and finds difficulty accessing insurance and banking facilities, opening lines of credit, and obtaining accurate identity documents. Transgender people face tremendous problems when it comes to getting credit. Lenders see these borrowers as less creditworthy and thus either deny credit or charge extremely high-interest rates. The denial rate of credit cards, education loans, mortgage loans, and all other types of loans is very high for transgender people. This inability to obtain the required funding hinders their advancement in education, business, or any other avenues that will bring them a better future.

STATUS OF TRANSGENDER COMMUNITY IN KERALA

Transgender people in Kerala are marginalized and face social discrimination in every aspect of life, including school, health, employment, etc. They experience negligence and lack of acceptance within their own families, and many have migrated to other states searching for social acceptance and livelihood opportunities. They face physical abuse due to social stigma, and many of those who face gender dysphoria end up begging and prostitution. The Supreme Court of India (*National Legal Services Authority v. Union of India* 2014) granted the right to equality and equal protection for transgender persons (TGs) under articles 14, 15, and 16 of the Indian Constitution by prohibiting discrimination on the ground of gender identity. Under this judgment, the Centre and State Governments are directed to grant transgender people legal recognition of their self-identified gender. Based on these directives, transgender people were offered a reservation of 2% in higher education and public employment and recognized on par with socially and educationally backward society to provide various welfare benefits.

The list of miseries faced by transgender people in Kerala is nothing less than in other states. They face injustice and mistreatment in all aspects of their life from their family, educational institutions, workplaces, markets, shopping centers, emergency medical facilities, landlords, police officials, health workers, and other service providers. The survey conducted by the Social Justice Department of Kerala (2014-15) to analyze the social and personal life of transgender people in Kerala found that among the transgender people in the state, 100% of them have had experienced at least once the pain of job denial due to their gender identity. More than 55% of the transgender students were found to have dropped out from school before matriculation due to some harassment, besides experiencing gender-related negative experiences at school, which made their learning environment impossible. Among them, around 25% experienced ill-treatment from their families. 51% of the respondents experienced differential treatment from doctors and other medical staff, and about 54% had a lower monthly income of fewer than 5000 rupees.

Even from police officials, who are supposed to safeguard the interest of marginalized and weak people, transgender people have experienced harassment. As per the survey, around 52% of the respondents faced harassment, and they show reluctance to approach the police for help. Regarding their right to expression, 76% of transgender people could not apply for a valid ID card, and 44% revealed their sense of embarrassment regarding the dissonance between their physique and gender

identity. Around 51% hide their true identity from their own family due to fear of rejection and social stigma.

According to the Transgender survey report of Kerala 2014-15 on employment proportion, over half of the transgender people have no secure jobs. 23% are employed in the private sector, and 21% are daily wage laborers. Transgender People face severe discrimination in the workplace based on their gender, sexual identity, and gender expression. Transgender survey of Kerala reveals that transgender or gender non-conforming identity is the main reason for denying jobs for the community. The government has taken initiatives for mainstreaming transgender people through employment opportunities:

- ▶ Transgender people in the state have offered to be placed in the Kochi metro project
- ▶ Gender Taxi
- ▶ Trans Welfare Co-operative Society
- ▶ Transgender cell and transgender justice board
- ▶ Space in the educational institution

Other proposed initiatives from the part of the government to address the issues faced by transgender as per State Policy for transgender people 2015 includes the following:

1. Ensuring non-discriminant treatment of transgender people from all government and public authorities.
2. Addressing stigma, discrimination, and violence faced by transgenders
3. Unimpeded access to education, social security, public transport, and other services.
4. Equitable right to access and use all services; Including transgender people as the third gender in all application forms for employment, services, and other benefits
5. Encouraging cultural activities of transgender people by providing occasions and openings for them to showcase their skills and talents.
6. Ensuring free legal aid for those seeking redress against discrimination and violence
7. Introducing transgender helpline 24x7 and crisis management center.
8. Strict actions against parents who abuse their transgender child or doctors who undertake unethical conversion treatment or therapy

9. Right to marriage, partnership, living relationship, or parenting for transgender
10. Providing aids and self-employment grants to transgender people to develop their careers and raise income for their livelihood.
11. Instituting and implementing anti-discrimination policies in educational institutions and workplaces for protecting transgender people.
12. Establishing shelter homes exclusive for transgender people in different parts of the state.
13. Granting loans, subsidies, etc. to transgender people for home construction
14. Monthly pension scheme for poor transgender people above the age of 55.
15. Ensuring free or subsidized distribution of food and basic necessity products through public distribution system.

FINANCIAL INCLUSION

Financial inclusion gained increased importance since the early 2000s when World Bank recognized the direct correlation between poverty and financial exclusion. According to the Reserve Bank of India (RBI) financial inclusion committee, financial inclusion is ‘access to the formal financial sector for the marginalized and formal finance deprived sections of society.’ Nanda et al. (2016) defined financial inclusion as the availability and equality of opportunities to access financial services. The World Bank Global Financial Development Report 2014 referred to financial inclusion as the process by which individuals and businesses can access appropriate, affordable and timely financial products and services, including banking, loan, equity, and insurance products. The main intend of financial inclusion is to ensure sustainable financial services to everyone and bring up the unbanked and underbanked population under the purview of the financial sector and services. As per United Nations, financial inclusion aims at attaining goals of ensuring full range of financial services accessible to all households at a reasonable cost, establishing well-governed and sound institutions, ensuring continuity and certainty of investment through economic and institutional sustainability, and promoting competition for providing wider choice and affordability to customers.

Financial inclusion does not necessarily mean making everyone having a bank account alone; instead, its purpose is to remove all the barriers in accessing financial products and services. After considering both the demand side and supply-side barriers to financial inclusion, financial

inclusion attempts to address the constraints that limit individuals from participating in the financial system and build an inclusive financial sector that improves people's lives. The supply-side barriers instigate from the financial institution itself. They include inadequate financial infrastructure, absence of financial institutions in the immediate vicinity, high costs for opening and operating accounts, documentation issues, etc. Several aspects of an individual seeking financial services can also act as barriers in accessing financial services, and such factors are termed as demand-side barriers. These include powerlessness, poverty, limited income, illiteracy, poor financial literacy and awareness, lack of financial capability, cultural factors, etc.

Financial inclusion enables the marginalized groups who were considered to be outside the pale of credit, savings, and other financial services to use credit and other financial services in their lives and thereby enhance their livelihood. Financial inclusion can positively impact multiple areas like education, healthcare, women empowerment, child mortality and decreased dependency on money lenders, etc. It improves the consumption pattern, business expansion, better risk management, and financial shock absorption. Access to financial services enables the poorest and most vulnerable in society to step out of poverty and reduce the inequality in society. Thus, having the capability to strengthen the availability of economic resources, financial inclusion can enhance the country's financial system comprehensively. It is proficient in enabling and empowering people and communities. By allowing the people to have the ability and tools to manage and save their money and empower people with skills and knowledge to make veracious financial decisions, financial inclusion aids individuals and families, collectively develops entire communities, and drives economic growth.

Financial inclusion is considered of primary importance across the globe as there is a more significant linkage between a more inclusive financial system and strong and sustainable economic development. It is one of the 17 goals of Sustainable Development Goals (SDGs) of the United Nations. Policymakers often consider it a means to mend the people's livelihood by facilitating poverty reduction and attaining the greater goal of economic development. (IMF 2015). Recognizing financial inclusion as the cornerstone for accelerating economic growth and opportunities, several governments have adopted wide-ranging measures to improve access and usage of financial sector development and bring awareness across sectors. To attain this broader goal of financial inclusion, World Bank, G- 20 and several other international organizations have

formulated strategies for promoting financial inclusion. More than 55 countries have set goals and targets for financial inclusion since 2010. Yet, even after several attempts to promote financial inclusion, billions of people remain unbanked and financially underserved. The population of unbanked in both developed and emerging markets is several billion in numbers. As per the World Bank report of 2018, 1.7 billion adults do not have a bank account, and among these unbanked populations, women and poor people in rural areas account to be the highest. There remains a gender gap of 9% in account ownership, and women do not enjoy access to financial service as men. Around one billion women are unbanked globally, and those having bank accounts do not necessarily have control over their finance.

With the entrant of the private sector and technological innovation, the pace of progress in financial inclusion has gained momentum in recent years. Digital financial inclusion assists in the faster attainment of this inclusion goal by reaching out to the financially left out or underserved population through digital means and delivering a broad range of financial services at a reasonable and affordable cost. Countries like India and China have recognized the prospects of digital financial inclusion and use mobile technology, cloud computing, and big data technologies to serve the underserved population. As per the Global Findex database 2017, financial inclusion has risen globally. Since 2011, 1.2 billion adults have obtained a bank account, and the share of adults having an account with a financial institution or through money service got raised from 62% in 2014 to 69% in 2017.

FINANCIAL INCLUSION IN INDIA

Coming to the level of financial inclusion in a developing country like India, which is having a population of more than 1.3 billion, it could be observed that the financial literacy rate among adults' remains at 24% only and more than half of the population in the country remain out of the formal financial coverage (World Bank 2017a). Since independence, several measures and policies were formulated and implemented to bring people under the formal financial network. The combined effort and association between various agencies, including government, private institutions, and civil society, has played a significant role in boosting the country's financial inclusion. An initiative like Digital India has led to growth in digital transactions and facilitated better access to banking services. As per the Global Findex report of 2017, the proportion of Indian

adults having a bank account comes around 80%, and 77% of the women population have a bank account in their name. According to World Bank (2017b), India is at second position after China in terms of unbanked people. Around 190 million people in the country do not have basic access to financial services like bank accounts. However, recent initiatives like the opening of bank branches in remote localities, increasing the number of automated teller machines (ATMs), issuance of Kisan Credit Card (KCC), usage of Information and Communication Technology (ICT) for spreading financial literacy and awareness have helped a lot in this aspect.

Similarly, promotion and licensing of business correspondents, providing a more comprehensive range of credit facilities, and broader insurance coverage are few other attempts made by the RBI and NABARD to promote financial inclusion. To ensure a zero balance accounts for every individual in the country who has attained ten years or above, the Pradhan Mantri Jan Dhan Yojana (PMJDY) was introduced in 2015. With one such action, it removed barriers like psychological and regulatory. It is considered to have made a remarkable contribution for accelerating the financial inclusion in the country. As per the Ministry of Finance 2020 estimate, the beneficiaries of this program have been 380 million.

Further, the introduction of Aadhar and the gush in internet and mobile communication have accelerated the country's financial inclusion. The World Bank report provided evidence for the surge in digital transactions indicating a compound growth of 30% from 1142 million to 1928 million in 2017 (World Bank, 2018). An escalation in mobile banking transactions can also be envisaged, along with a rise in mobile wallet transactions from 11.96 million transactions from April 2015 to 387.6 million in January 2020. (RBI, 2020).

Reserve Bank of India has classified the states in India based on the level of financial inclusion. This level is made based on the Index on Financial Inclusion (IFI) that considers three critical financial inclusion measures. These are the *penetration of financial services* that measure the number of adults having a bank account; *availability of banking services* which consider the number of bank branches for 1000 individuals; and *usage of financial assistance* as measured by outstanding credit and deposit (Chattopadhyay, 2011). States like Kerala, Maharashtra, and Karnataka have an Index on Financial Inclusion (IFI) greater than 0.5 and have achieved high financial inclusion. The IFI score is between 0.3 and 0.5 for Tamil Nadu, Andhra Pradesh, Punjab, Haryana, Sikkim, and Himachal Pradesh, and these states are categorized as states with medium

financial inclusion. The cohort of low financial inclusion states includes all other states in India, and they have an IFI of less than 0.3.

FINANCIAL INCLUSION AND TRANSGENDER COMMUNITY

The researchers and policymakers do not satisfactorily address the marginalization of transgenders from the formal financial system. The issue of gender gap or differentiation based on gender in financial inclusion is a matter of concern. It violates the law of the right to equality and neglects the contribution of the excepted gender groups towards economic growth and development. Through financial inclusion, excluded gender groups like transgender people can be included in the formal financial system, and also the goal of gender equality can be brought one step closer. The hardships faced by transgender people can be addressed by providing them access to finance. As per the 2017 Global Findex database, access to finance can be a means to bring the marginalized sections out of their inferior social status. It will help them be integrated into the formal financial system, allowing them to build assets, mitigate shocks related to emergencies, and make productive investments. Gender stereotypes and social stigma restrict transgender people from accessing productive resources or accessing equal employment opportunities. The exclusion of transgender people from the formal employment market also restricts them from accessing basic banking facilities, i.e., opening a deposit/saving account in the bank. Thus, access to a deposit account is not available to them.

As transgender people are forbidden from their family and society, and social exclusion is a barrier in their economic life, they also lose their land rights or property rights. Since banks require collateral value deposit to sanction a loan, the disownment of transgender people from their parental property rights restricts them from obtaining such loans from the formal banking sectors. Thus, access to credit facilities is not available to them. However, many government grants, subsidies, pensions, and other welfare funds for transgender people are now digitally dispersed through banks. It will help keep them closer to banks and financial institutions and make them more aware of the opportunities available for betterment.

Access to a formal banking system will facilitate transgenders and other marginalized groups to improve their saving and investment habits and reduce financial risks. The increased

discrimination from the workplace motivates many transgender people to start a self-employed business. But to begin with, even for a small business outlet, the requirement of finance is much difficult for a transgender person to raise alone. In many situations, they seek the help of their friends and relatives. But, there are constraints on the amount of finance getting raised from their kith and kin in this case. Suppose transgender people are connected to formal financial institutions and are capable of raising credit quickly. In that case, finance needs could be easily met, and they can build their entrepreneurial setting much faster. Transgender people have weak social relationships due to societal stigma, and through financial inclusion, it is possible to bring them up to mainstream and improve their societal dignity. Connecting transgender people to the formal financial system will cultivate savings and investment habits among them and help them become financially more independent.

In India, as an initial step of bringing financial inclusion among the transgender community, the Reserve Bank of India mandated all banks to include the third gender as a category of gender in all the application forms issued by the banks. The introduction of this mandate has not solved all the problems in accessing financial services for transgender people. Still, it could be viewed as a good attempt, and there exist several other issues that need to get attended to. One significant problem that transgender people face is the lack of valid ID proof. Today, we all know that a valid ID card is an essential requirement for applying for school or a job, voting, driving a vehicle, applying for a passport, obtaining government benefits, and several other aspects of everyday life, including access to a bank account. Another aspect is a valid residential address. In several situations, transgender people are denied credit and other financial services mainly because they don't have proper ID proof and a valid residential address.

Many transgender people have an ID card, but it does not conform to their actual gender identity. They face extreme difficulty getting their government-issued ID proof changed to their true identity under the existing national law. The process for getting name and gender changed remains a complex and time-consuming process even today. To identify as a transgender person, the person has to pass through several hurdles, step in several government offices to grant permission, make an affidavit, get it published in a gazette, and finally advertise in the newspaper. These procedural formalities act as a severe problem for them in getting their rights.

Further, to do this, they do not have the resources, are stigmatized in every stage of this process, and are not aware of their eligibility. Though the government issues various schemes to promote the transgender group, they are often ignorant or unaware of their eligibility. For example, the Government of India has reserved two percentage of seats in higher educational institutions and public employment sectors for transgender people. But how many of them are making use of this reservation or are even aware of this scheme is a big question. Also missed are several grants and financial aids set aside by the government for transgender people due to lack of financial awareness. Many transgender even today, do not have a bank account. Apart from the procedural issues, the leading cause for transgender people not having bank deposits is mainly the inadequate income they earn. The hard-earned income will be either short to meet their basic need or will be just sufficient for meeting their needs. Thus they don't even think of having a bank account as they do not have surplus money after completing their daily needs.

Understanding how the exclusion of transgender people from financial services and the underlying reasons for the conditions will help the banks, government, and policy makers develop feasible solutions to bring more inclusivity.

HINDRANCES FOR FINANCIAL INCLUSION OF TRANSGENDER COMMUNITY

Delving deeper into the factors that hinder financial services access, we could understand that there are both demand-side and supply-side factors that limit transgender accessibility to financial services. The demand-side factors responsible for financial exclusion instigate several aspects of the person seeking the financial services such as lack of education, skill, capability, homelessness and landlessness, lack of true legal identity, financial illiteracy and awareness, etc. As discussed previously, many transgender people were forced to leave their homes at their early age of childhood, due to which they were denied ownership of ancestral and parental property. Since banks generally lend money based on the creditworthiness and security backing of the customers, bankers feel riskier to lend money to transgender people and thus deny or delay lending to them. Further, absence of valid identity card and other documents make them challenging to approach banks or other financial institutions for services.

Poor education, lack of financial literacy, and lack of awareness create great chaos in their life, and they get isolated from the mainstream of society. Lack of education, digital awareness, and proper ID also prevents them from enjoying the benefit of technologies and technology-based financial services like mobile banking, payment bank facilities. Apart from these demand-side factors, supply-side factors also create additional barriers to access to financial services. Strict regulatory and procedural formalities and the requirement of several legal documents for getting connected to the formal financial institutions and their services discourage transgender people from going to the bank. Similarly, hostile and non-cooperative behavior of bank staff, and other officials, limited awareness of various schemes, and financial literacy programs are among those supply-side factors that act as a barrier to accessing financial services.

ROLE OF MICROFINANCE IN FINANCIAL INCLUSION OF TRANSGENDER COMMUNITY

The role and importance of microfinance for reducing the gender gap through women's empowerment are well recognized in academic research and public policy. The essence of microcredit for transgender has been neglected in academic research. Empirical evidence shows that active participation by microfinance has reduced gender inequality and enhanced the poor, marginalized, and stigmatized gender groups from the poverty level. The provision of microcredit through microfinance institutions can empower transgender people. Microfinance institutions will be helpful for the transgender community as they provide credit or loans to clients even if they do not own any collateral value or a formal post office/ bank account. The credit provision of microfinance is based on the principle of group lending and a joint-liability system, as transgender people stay together in their gharana (a place where they stay together with their influential guru). Hence, it will be easy to form groups among the transgender to provide them credit. The enhancement of microcredit can offer them adequate credit, reduce their financial risk, enhance investment, encourage spending more on health and education, and improve their living standards. Extending microcredit/loans to transgender people can help them run a small business and become self-employed. The provision of microcredit through MFIs by creating small groups will increase their social relationships with others, which will reduce their mental stress. Provision of easy and adequate credit from the MFIs can be a path-breaking policy initiative to empower the transgender community.

Recommendations

- Ensure an easy and better banking experience at an affordable cost to every individual without discriminating based on gender or class.
- Banking authorities should take prime responsibility to provide banking services at an affordable cost to transgender people.
- Bank authorities should allow transgender people to access banking services with fewer legal documents and procedural formalities.
- Government authorities should ensure valid proof of identity such as Aadhar card, PAN card, voter card, driving license, passport, debit/credit card, etc.,
- Banking authorities should organize financial literacy programs for transgender communities and make them aware of the different means of accessing financial services.
- Various schemes, grants, and pensions available for transgender people should be brought to their notice. The communication channels should be made strong to reduce information asymmetry and ensure that the targeted group's desired benefits are reached.
- Bank officials, banking correspondents, and other representatives should show empathy to transgender people in an opening bank account and conduct various other banking operations.
- Policymakers, NGOs, MFIs, and government authorities extend microcredit to transgender people at an easy and affordable cost.
- MFIs should allow transgender people to obtain microcredit with fewer legal documents.
- Laws should explicitly prohibit discrimination based on gender identity and expression.
- State policymakers should make the procedural formalities simpler for updating the identity documents.
- Awareness programs should be brought in to lift the social stigma towards transgender people.

CONCLUSION

The goal of financial inclusion and gender equality cannot be attained unless the problems of transgender people are addressed. There exist both demand-side as well as supply-side factors that hinder the financial inclusion among transgender people. The greater goal of financial inclusion will remain elusive if timely and appropriate measures are not taken for them. The role of government and policymakers is vital in breaking these barriers to ensure equitable access to financial services to all without discrimination regarding gender, race, class, or creed.

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Research Office
Indian Institute of Management Kozhikode
IIMK Campus P. O.,
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