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**Female Empowerment: Impact of a Commitment Savings Product
in the Philippines¹**

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Summary. — Female “empowerment” has increasingly become a policy goal, both as an end in itself and as a means to achieving other development goals. Microfinance in particular has often been argued, but not without controversy, to be a tool for empowering women. Here, using a randomized controlled trial, we examine whether access to and marketing of an individually held commitment savings product lead to an increase in female decision-making power within the household. We find positive impacts, particularly for women who have taken on more decision-making power in the baseline, and we find this to be a shift toward female-oriented decision goals purchased in the household.

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Key words. — savings, microfinance, female empowerment, household decision making, commitment

1. INTRODUCTION

Female “empowerment” has increasingly become a policy goal, both as an end in itself and as a means to achieving other development goals.¹ A growing literature on intra-household bargaining finds that exogenous increases in female share of income, interpreted as providing the female more power in the household, lead to an allocation of resources that better reflect preferences of the woman (Duflo, 2000; Rangul, 2005). This often leads to greater investment in education, housing, and nutrition for children (Thomas, 1990, 1994; Thomas & Strauss, 1997; Duflo, 2000). Many development interventions have thus focused on transferring income as a way of inducing empowerment (Adato, de la Briere, Minku, & Qiansheng, 2006).

However, it is not clear in theory that transfers of income alone to women can improve their status in the household. Marginal increases in income given to women may be bargained over in the same way as the existing income, and are therefore not guaranteed to lead to gains in bargaining power.² On a policy level, microfinance proponents often argue that these empowerment mechanisms justify increased attention and financing to microfinance institutions, and perhaps even subsidies (Huzar, Schuler, & Riley, 1998; Kabeer, 1999). However, there is little rigorous evidence that expanding financial access and usage can promote female empowerment.

What may be more important than providing access to additional sources of income, or simply expanding access to finance, is giving control and property rights over allocated money.³ Household power could be increased directly by interventions which lead women to have more control over the existing assets. This could be done explicitly through financial accounts in her and only her name, or through marketing

or training which encourage separate assets. In theory, such interventions could be unbound by adjustments to the control over other assets in the household. Nevertheless, it is unknown whether simply expanding access to products and training that can directly impact financial control, and thus in turn affect overall household power of women.

Using a randomized control trial, we implemented a program which provided a financial savings account whose use was controlled by an individual and/or provided direct marketing to facilitate personalized savings goals. This program did not necessarily increase income in the household (in fact, we have no evidence that it did so), neither it offered individuals a savings vehicle over which only the account holder has control.

Specifically, we designed and implemented a commitment savings product with the Green Bank of Cebu, a rural bank in the Philippines. Current bank clients were randomly chosen to either (a) “savings commitment treatment” (SEED): receive

¹ The paper was formerly titled “Tying Hands to the Most Impact of a Commitment Savings Product in the Philippines.”

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within the household. We find positive impacts, particularly for women who have below median decision-making power in the baseline, and we find this leads to a shift toward female-oriented durables goods purchased in the household.

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