International Initiative for Impact Evaluation

Systematic review of reviews brief

Finance

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Impacts of financial inclusion in low- and middle-income countries

Approximately 1.7 billion adults, most living in low- and middle-income countries, lack access to financial services. Many of them lack a reliable way to make payments, store savings, purchase insurance products, or access credit that would allow them to start and grow a business.

The term 'financial inclusion' covers a wide range of initiatives that help poor and low-income people gain access to and make use of financial services. Such initiatives include mobile payment systems, index insurance, savings promotions and microfinance (such as microcredit, microsavings and microinsurance products).

Advocates for financial inclusion claim that providing financial services to poor and low-income households in low- and middle-income countries will support people to manage risks, improve financial circumstances and escape poverty. Some also argue that financial inclusion can contribute to macroeconomic development, such as improving national economic growth and stability.

Numerous systematic reviews are available on microfinance or a specific type of intervention, such as microcredit, but few of them are available on the broader topic of financial inclusion. Also, the availability of systematic reviews from different points in time, with different approaches and different methodological quality, creates confusion about the state of the evidence. 3ie commissioned Duvendack and Mader to conduct a systematic review of reviews on the effects of financial inclusion interventions, to see whether this kind of review would clarify findings and produce a useful synthesis for policy and programming.

Highlights

- Financial inclusion initiatives have some positive effect on the lives of poor people, but the effect is usually small, particularly for financial outcomes such as improvement in income or assets.
- Savings programmes have the most consistently positive outcomes, and they have a lower risk of negative outcomes than credit programmes.
- Understanding the effects of financial inclusion requires nuanced analysis; the systematic review of reviews found large variations in the effects of interventions for different people in different contexts.
- More research is needed on the longer-term outcomes of financial inclusion initiatives.

Main findings

A nuanced understanding of financial inclusion is necessary, with large variations in the effects of different interventions for different people in different contexts. Policymakers and donors should therefore be cautious about overly broad or optimistic claims regarding the potential achievements of financial inclusion initiatives. These kinds of initiatives are more likely to have positive effects than negative effects, but the effect size is typically small.

Benefits of access to savings opportunities

The opportunity to save may be the most important type of financial inclusion initiative for poor and low-income people. Providing access to savings leads to small but consistent improvements in savings levels and incomes. Savings programmes also have fewer risks than credit programmes. Credit programmes can have positive outcomes, but they can also lead to higher levels of debt.

Effect on economic outcomes

Financial inclusion initiatives can improve poverty indicators, such as income and assets, but the effects are usually small. For example, access to microcredit and savings can improve the growth and profits of family enterprises, and microcredit can improve rates of land and livestock ownership. Microcredit and microfinance programmes usually increase household spending on goods and services, but it is unclear whether this increased spending is a positive or negative outcome.

Effect on women's empowerment

Financial inclusion initiatives can increase women's empowerment, but most benefits seem to come from additional features, such as women's rights education, rather than from the financial services. For example, women who participate in financial self-help groups may be empowered by increased opportunities to network with other women. The concept of empowerment is difficult to conceptualise and measure, and outcomes seem to depend on the context and which aspects of empowerment are considered. Financial inclusion initiatives have mixed or inconclusive results on other outcomes for women, such as economic status, use of family planning or experience of domestic violence.

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Evidence gaps

To date, most systematic reviews have focused on microfinance. Evidence synthesis is lacking for other types of financial inclusion initiatives (such as water credits, sanitation loans or loans for microsolar power systems) and for relatively new types of initiatives (such as microinsurance products and digital financial services).

Systematic reviews have rarely examined the likelihood of financial inclusion initiatives leading to negative outcomes, such as increased amounts of debt or more frequent occurrences of debt. Research is also lacking on long-term outcomes. Some financial inclusion initiatives have demonstrated short-term outcomes, such as improved financial knowledge or increased likelihood of starting a business. A stronger evidence base is needed to support the assumption that such short-term outcomes will lead to medium-term outcomes (such as increased savings or business income) and then to long-term outcomes (such as higher net worth or higher personal income).

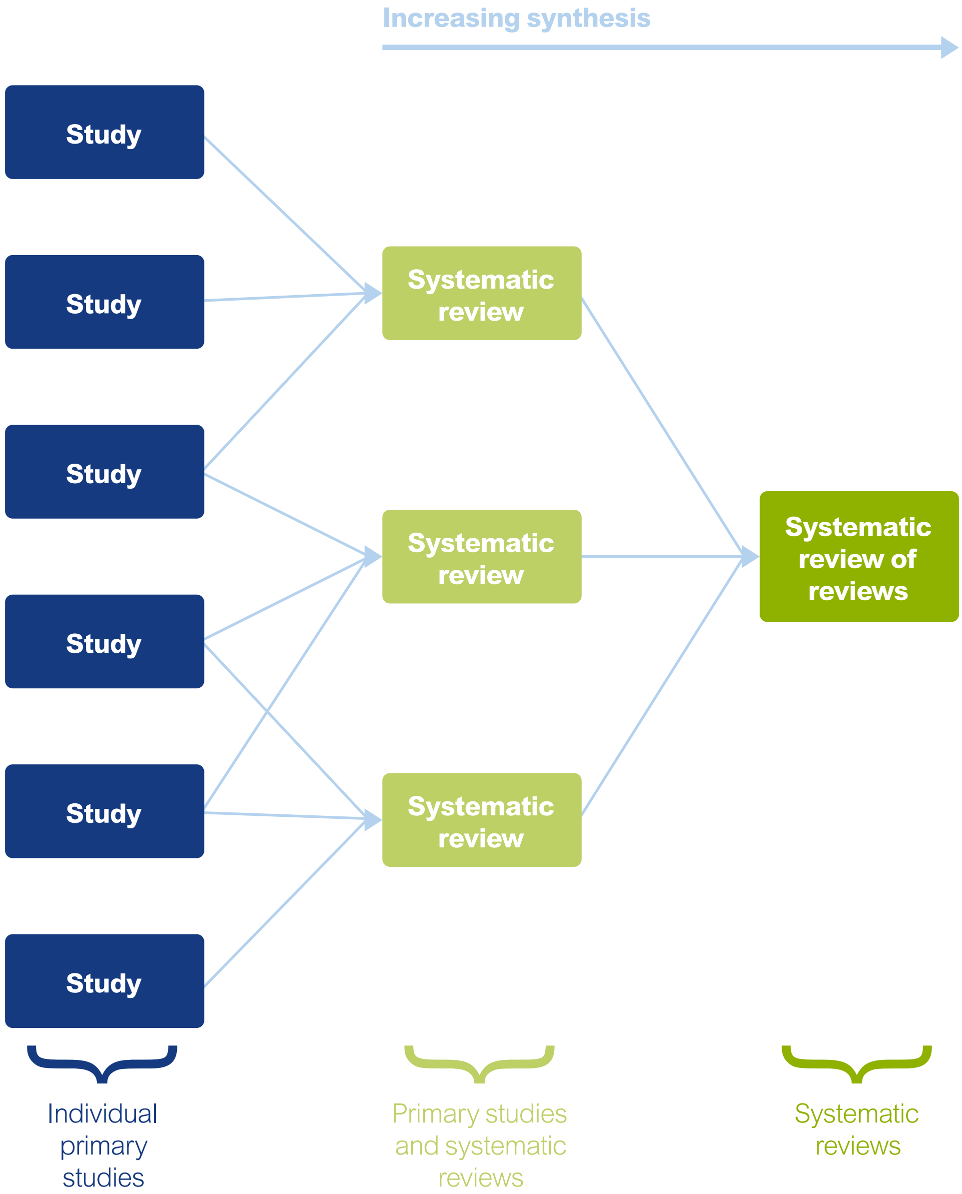
Finally, a greater focus is needed on unpacking why different programmes have different outcomes for different people. Some interventions improve conditions for some households but leave others worse off or have very different outcomes in different contexts. Approaches to evidence synthesis, such as systematic reviews of reviews, need to account for this complexity, but they will depend on well-designed primary studies identifying and exploring these variations.

What is a systematic review of reviews?

Systematic reviews use rigorous and transparent methods to identify, appraise and synthesise all of the qualifying studies and reviews that address a specific review question. A systematic review may also combine and analyse all of the quantitative data from included studies – a technique known as meta-analysis.

Systematic reviews often aim to support decision makers to quickly understand the evidence available on a particular topic. For some topics, however, multiple systematic reviews are available, sometimes of varying quality or scope. Systematic reviews of reviews (also known as overviews of reviews or umbrella reviews) identify, appraise and synthesise the findings of all relevant systematic reviews. Systematic reviews of reviews aim to improve the accessibility of evidence to inform decision-making.

Evidence base for a review of reviews



Lessons for conducting systematic reviews of reviews

Systematic reviews of reviews are a relatively new approach to evidence synthesis. Duvendack and Mader's systematic review of reviews is the first to be conducted in international development. More methods, guidance and reporting standards will be needed to support future systematic reviews of reviews in the social sciences and in the international development sector.

In particular, they found it challenging to bring together a highly diverse evidence base for an intervention that appears to have different outcomes in different contexts. Future systematic reviews of reviews in international development will also need to manage this kind of complex and nuanced picture. They also caution that it can be difficult to assess the underlying evidence base of the systematic reviews, given the risk of low-quality primary studies being synthesised into systematic reviews, and then into systematic reviews of reviews.

Reviews of reviews: strengths, challenges and weaknesses

Strengths	Challenges	Weaknesses
✓ Synthesise a large and varied evidence base for policymakers and practitioners	? Few examples from international development	✗ Dependent on the quality of the included systematic reviews and meta-analyses
✓ Compare and contrast divergent conclusions from previous reviews	? Need for more methods guidance and clearer reporting	✗ Risk of conclusions based on an aggregation of weak primary studies
✓ Reveal gaps and weaknesses in the evidence base		

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About the review of reviews

This brief is based on 3ie-funded Systematic Review 42, *Impact of financial inclusion in low- and middle-income countries: a systematic review of reviews*, by Maren Duvendack and Philip Mader. The authors found and appraised the quality of 32 relevant systematic reviews and meta-analyses on the impact of financial inclusion programmes in low- and middle-income countries, and synthesised the findings of 11 in a systematic review of reviews.

About this brief

This brief was authored by Ruth Pitt. She is solely responsible for all content, errors and omissions. It was designed and produced by Akarsh Gupta.

The International Initiative for Impact Evaluation (3ie) is an international grant-making NGO promoting evidence-informed development policies and programmes. We are the global leader in funding, producing and synthesising high-quality evidence of what works, for whom, how, why and at what cost. We believe that using better and policy-relevant evidence helps to make development more effective and improve people's lives.

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