

Unconditional Cash Transfers and Financial Inclusion: Evidence from Pakistan's Benazir Income Support Program

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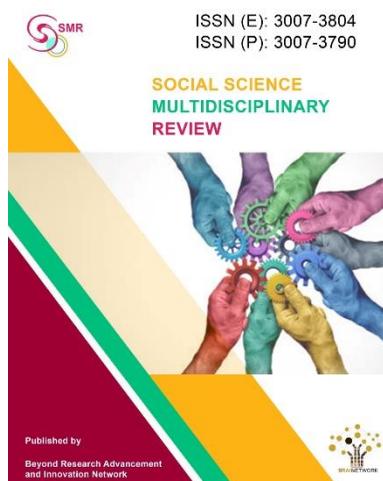
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Unconditional Cash Transfers and Financial Inclusion: Evidence from Pakistan's Benazir Income Support Program

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ABSTRACT

In the past three years, unemployment and income inequality have risen dramatically across Asian economies. The unemployment rate and the sensitive price index (SPI) of Pakistan in the post-COVID years have been surging continuously. This particular situation in Pakistan paints a discouraging picture. Faced with these challenges, the Pakistani government has continued its Benazir Income Support Program (BISP), which provides unconditional cash transfers to women living in poverty. This study evaluated Pakistan's largest unconditional cash transfer welfare program's association between BISP and women's financial inclusion. We conducted an extensive study using cross-sectional microdata from the Punjab Bureau of Statistics (BoS) Women's Economic and Social Wellbeing Survey (2022), covering approximately 32,878 women across 36 districts of Punjab, Pakistan. We employed the Logit and Probit models to determine whether the BISP program, as an unconditional cash transfer program, motivates recipient women to achieve financial inclusion (bank account ownership). Our findings suggest that BISP has a positive impact on financial inclusion, indicating that such government programs can contribute to women's empowerment and ultimately improve their financial standing. These results offer policy-relevant evidence for governments considering similar cash transfer programs, highlighting the enduring importance of education in empowering women to access and manage bank accounts.

Keywords: BISP, Unconditional cash transfer, Financial inclusion, Logit model, Probit model

JEL Classification Codes: D14, D63, I32, I38, G21, O12

1. INTRODUCTION

Financial inclusion is delineated as access to formal financial services by individuals and organizations to use a wide range of services such as credit, payments, insurance, and savings, which fairly and with dignity address their demands. It is a process of encouraging the use, availability, and easy access to a formal financial system for every citizen, including businesses (Sarma & Pais, 2011). In a recent study, financial inclusion was defined as "Financial inclusion is the access to and usage of deposits, payments, credit, insurance, and savings by individuals provided by for-profit financial institutions" (Appleyard *et al.*, 2016; Berry, 2015). The first step towards empowering men and women is to use financial services in a way that promotes account ownership. It is an essential indicator of financial inclusion, as it is simpler for account holders to rely on savings or financial assistance; they are better able to prevent themselves from dipping into poverty (Demirgüç-Kunt *et al.*, 2022). The Global Findex 2021 survey covered 123 economies and had a sample of about 128,000 adults during the COVID-19 pandemic. According to this report, nearly 1.4 billion adults did not have a bank account. However, bank account ownership over the 10-year span increased to 76 percent from 51 percent for adults globally. In addition, during the COVID-19 period, digital payments also grew to 57 percent in developing countries (Demirgüç-Kunt *et al.*, 2022).

In the context of Pakistan, the Global Findex Report (2021) indicates that only 34% of adults have an account (Demirgüç-Kunt *et al.*, 2022). However, to close the gap and foster financial inclusion in Pakistan, the government, regulators, and private sector have recently worked together to expand financial services and introduce cutting-edge digital solutions like mobile wallets and branchless banking (State Bank of Pakistan [SBP], 2021). According to the findings of the report Financial Inclusion Index by Karandaz Pakistan, the report presents an in-depth evaluation of the condition of financial inclusion in all provinces of Pakistan. The range of scores, which varies from 0.54 to 0.93, indicates a significant regional variance in financial inclusion. The aggregate score of the Islamabad region is 0.93 out of 1, which performs the best (Khan, 2023).

A feasible approach for designing women's empowerment by providing financial support is a very arduous task; however, once accomplished, it initiates sustainable development. Concern over women's financial empowerment is growing globally, particularly in provincial areas of Pakistan (Phulpoto *et al.*, 2022). In this context,

the Government of Pakistan launched the biggest social security program for women in South Asia, the Benazir Income Support Program (BISP) in 2008 after the inimical effects of the Global Economic and Financial Crisis (Ahmad *et al.*, 2021). BISP is an unconditional cash transfer program that resembles government cash transfer programs offered in sub-Saharan Africa in many ways (Bonilla *et al.*, 2017). Previous research indicates that cash transfer initiatives have boosted household spending in nations including Ecuador, Nicaragua, and Colombia (Fiszbein & Schady, 2009). In this research, we investigate whether Pakistan's BISP fosters financial inclusion among recipient women. Like several other cash transfer initiatives, the main objective of the BISP program is to elevate the status of women by distributing payments solely to them (Ambler & De Brauw, 2017).

According to a report (15 Years of BISP, 2023), the BISP program offers quarterly unconditional cash transfers to 9 million women through the Benazir Kafaalat scheme. The annual budget allocation for the Benazir Kafaalat scheme rose substantially from Rs. 16 billion in FY 2008–09 to Rs. 274.5 billion for FY 2022–23, under BISP (Team BISP, 2023). Currently, BISP provides Rs. 8,750 unconditional cash assistance per beneficiary (Güven *et al.*, 2024). Furthermore, it has registered over 12 million students from elementary to post-secondary education through the Benazir Taleemi Wazaif scheme. Low-income nations like Bangladesh and Cambodia, middle-income nations like Mexico, and lower-income nations in Latin America like Honduras and Nicaragua have had a favorable influence on school enrollment as a result of conditional cash transfers (CCTs) (Team BISP, 2023). In 2022, data on more than 34 million Pakistani families were registered in the updated National Socio-Economic Registry (NSER) database of BISP (Qadoos *et al.*, 2023). It covers more than 87 percent of the nation's population. Social safety net programs, including BISP, are helping to achieve, directly and indirectly, a number of Sustainable Development Goals (SDGs), such as ending hunger and poverty, promoting gender equality, improving health and well-being, and reducing disparities (Tariq & Alam, 2023; Team BISP, 2023).

The COVID-19 pandemic had a negative influence on millions of people worldwide. In order to mitigate economic difficulties and hunger risk, a one-time cash support of Rs. 12,000 was given to a total of 14.83 million eligible beneficiaries, of which 8 million were women beneficiaries (Güven *et al.*, 2024). The results of many studies show that giving women direct access to cash transfers may strengthen their negotiating position (Fiszbein & Schady, 2009; Hoddinott & Haddad, 1995; Lundberg *et al.*, 1997; Thomas, 1990).

One of the primary principles of BISP's program design is that it maintains a significant influence on women's empowerment. Numerous impact evaluation surveys indicate strong evidence that BISP has promoted women's mobility, with

an aggregate improvement of 8%. Specifically, mobility increased by 7–10% in marketplaces and 5–15% in health centers. Furthermore, it is encouraging to see that BISP beneficiary mothers were able to make better decisions about their children's schooling (Team BISP, 2023). Statistics also show that women involved in small-scale investment decisions demonstrated a positive and significant 7% increase over time compared to women who are not recipients. Similarly, during the same period, decisions made on children's schooling improved by 5%. This suggests that cash transfers to women increase their ability to make decisions about the amount of cash to spend on their children's education (Iqbal *et al.*, 2020).

This study adds to the current literature on women's financial inclusion and social protection in many ways. Prior studies on BISP examined only the alleviation of poverty, consumption, education, and health outcomes. Furthermore, previous studies related to BISP focused on limited dimensions of female social empowerment, such as household decision-making and mobility. This study uses bank account membership as a long-term tool of financial inclusivity, shifting the short-term women's welfare focus towards long-term financial inclusion. Secondly, the analysis is based on large-scale microdata from the Punjab Bureau of Statistics (BoS) survey (2022), along with education and mobile phone ownership.

The objectives of the study are twofold: (i) to explore the role of BISP in promoting financial inclusion among women recipients, and (ii) to find out the contribution of BISP, potentially leading to bank accounts for funds management. This study is significant for several reasons. To the best of our knowledge, this is the first time that this kind of unconditional cash transfer program has been evaluated in terms of financial inclusion in Pakistan. Additionally, the results are expected to be relevant for other regional or national policymakers and governments worldwide, currently aiming to empower women through unconditional cash transfers to fight poverty.

The study is motivated by rising poverty rates, unemployment spells, and the need to empower women financially in post-COVID Pakistan. It is rationalized by the lack of empirical evidence on whether BISP promotes women's financial inclusion as the most prominent cash transfer method. The study significantly contributes by showing that cash transfers, mobile access, and education positively influence women's bank account ownership, offering useful insights for policy and social protection programs.

The paper is structured as follows. Section 2 provides an in-depth review of the literature on cash transfer programs. Section 3 presents the research design and selected variables included in the empirical analysis. Section 4 explains the dataset used. Section 5 reports the results, and the article concludes with the main conclusions.

2. LITERATURE REVIEW

The majority of developing nations have implemented unconditional and conditional cash transfer programs, intending to enhance the socio-economic welfare of underprivileged and vulnerable populations. The main purpose of such initiatives is to support opportunity, equity, and resilience for impoverished and vulnerable people and households (World Bank, 2018). The main goal of these types of conditional and unconditional cash transfer programs is to diminish hunger and poverty while creating assets. Additionally, they seek to enhance female empowerment by providing access to financial stability and employment prospects. This is the reason why many cash transfer programs specifically target women (Doss, 2013), with the clear policy purpose of empowering women (Sarma & Pais, 2011).

Compared to East Asia and Latin America, cash transfers are relatively rare in South Asia. In Latin America and East Asia, cash transfers are received by 70% and 60% of the lowest-income individuals' quintile, respectively; in South Asia, cash transfers are received by only 27% of the lowest-income individuals' quintile (FAO, 2015). Pakistan is an exceptional case in the South Asian region; it declared BISP to be its primary social safety net initiative in 2008. Initially, BISP had three policy goals. The first and most important aim is to eliminate extreme and enduring poverty through regular cash transfers. Secondly, BISP aims to empower women by giving unconditional cash transfers solely to women, and thirdly, it aims to achieve universal primary education through BISP's Benazir Taleemi Wazaif program (Afzal *et al.*, 2019; Ambler & De Brauw, 2017). When BISP started, the food price spike in Pakistan's economy was quite crucial; there was a dire need to boost the diminishing purchasing power among poor people. Initially, early 2 million eligible families were targeted by parliamentarians and found to be qualified for the distribution of cash transfers (Ambler & De Brauw, 2017; Iqbal & Nawaz, 2017).

Currently, the largest unconditional cash transfer program of BISP is the Benazir Kafaalat scheme. This program reached around 9 million beneficiary families in 2022–2023, reflecting an increase of roughly 17% over the 7.7 million registered beneficiaries at the beginning of the year (Guyen *et al.*, 2024; Team BISP, 2023). These beneficiaries received a quarterly cash stipend of Rs. 8,750, which is a 25% increase over the previous amount of Rs. 7,000. The Benazir Kafaalat program

received an annual budget allocation from BISP of Rs. 274.5 billion for FY 2022–2023 (Team BISP, 2023). This study acknowledges the enduring importance of financial inclusion among recipient women who receive benefits from the BISP program.

Regarding the impact on women's financial inclusion, the empirical findings of previous studies on government cash transfer programs yield contradictory results. Kemal (2019) and Kemal & Yan (2015) investigated the adoption and widespread use of mobile banking for government-to-person (G2P) transfers in developing nations. They found that mobile banking had limitations due to human constraints on women users. Furthermore, limited access to financial inclusion was offered to women with diverse financial products and services, but it did empower women for social inclusion through the spread of mobile banking.

Chaudhary and Kumari (2022) explored how women are now involved in banking and other financial activities, as well as the relationship between financial inclusion and women's empowerment. The results indicate that women are highly interested in banking and financial services, and financial inclusion has a minor but significant effect on women's empowerment.

Zuhair Al-abadallat (2022) examined financial inclusivity for working females in Jordan and the Arab world, highlighting that there is a clear link between women's financial inclusivity and economic empowerment. Furthermore, expanding female use of financial services improves women's financial sovereignty and ability to take advantage of economic opportunities. In the context of financial and social empowerment of women, Tahir *et al.* (2018) analyzed the case study of the BISP program that helps women achieve their financial and social empowerment. This study uses a mixed-methods methodology, and data were collected from three Multan district tehsil offices. The results show that BISP program support considerably raised family income in cases where women launched their own enterprises. Moreover, neither financial nor social empowerment of women is fully achieved by this alone, nor does it change the patriarchal distribution of labor inside families.

Qadoos *et al.* (2023) examined the current state of financial inclusivity among beneficiaries of the BISP and impediments to financial products, saving and loan-taking behaviors, and digital and financial literacy. A data sample of 210 respondents was taken from Punjab, Khyber Pakhtunkhwa (KPK), and Sindh. The

results demonstrate that beneficiaries have a saving mentality, but the biggest obstacles to formal savings are a lack of digital knowledge and income.

In the context of financial inclusion, Habesoglu (2021) conducted a case study in Turkey, revealing that females are 26.40% more vulnerable to being financially excluded than men. Moreover, other factors such as education show that educated people are 23.26% more likely to be financially engaged compared to those who are uneducated. Lastly, the age variable also has a positive influence on the probability of financial inclusion.

Garnica Toro and Kiuhan Vásquez (2023) suggest that monetary assistance affects financial inclusion in Colombia by providing social aid to vulnerable individuals. Regression Discontinuity Design (RDD) analysis on the Ingreso Solidario (IS) social assistance program shows a 24% increase in wire money transfer usage compared to the control group's average usage. The findings demonstrate that electronic money has a favorable and considerable influence on economic inclusion.

Chapa *et al.* (2022) and Sarma and Pais (2011) examined eight significant cash transfer programs administered by the Mexican government. Cash transfers through bank accounts have significant potential to boost savings account usage and balances, promoting financial inclusion and mitigating poverty. Furthermore, Pickens *et al.* (2009) and Sarma and Pais (2011) studied Argentina, where the cash transfer program Jefas y Jefes de Hogar, with 1.5 million beneficiaries receiving approximately \$50 monthly, switched from paying in cash to paying via ATMs using a debit card. It is concluded that savings and access to formal accounts are important, and cash transfer programs may provide a mechanism to increase both, leading to financial inclusion.

Islam (2014) evaluated how microcredit in Bangladesh contributes to women's financial inclusion and empowerment. The study revealed that microcredit facilitated financial inclusivity and significantly contributed to the empowerment of poor indigenous females in terms of earning financial gain, mobilizing savings, building household assets, and diminishing poverty in general. Masino & Niño-Zarazúa (2020) examined the outcomes of the electronic payment system provided through savings accounts of Mexico's Progres-Oportunidades-Prospera (POP) program using a quasi-experimental research approach. The study discovered that

government cash transfers can enhance financial inclusion and risk management for the impoverished in addition to their anticipated social effects.

Pickens *et al.* (2009) reported that only 25% of global cash transfer programs are paid via electronic payments, which promotes openness to financial banking services. The main goal of these initiatives is to increase the effectiveness and financial inclusivity of cash payments. Many government cash transfer initiatives have recently adapted the delivery of monetary benefits electronically to savings accounts or prepaid cards. Gronbach (2020) revealed that sub-Saharan African social protection initiatives in the form of social cash transfers (SCTs) show that most SCT programs in the area are using more electronic payment methods, like mobile money, card-based payments, and bank transfers. However, cash remains dominant in some areas due to weak financial systems. Most initiatives combine electronic and cash-based settlements to adjust for low levels of financial inclusion.

Sarma and Pais (2011) highlight two policy agendas for low-income nations (Brazil, Colombia, Mexico, and South Africa): promoting electronic government payments and improving financial inclusion, emphasizing increasing the proportion of recipients who receive payments directly into their bank accounts, as bank accounts serve as the gateway to inclusive financial services, including credit, insurance, and savings.

Chiapa and Prina (2017) addressed the potential benefits and disadvantages of depositing transfers from conditional cash transfer (CCT) programs into savings accounts. Using CCTs with formal savings accounts can enable financial inclusion for millions by providing access to financial services. Cruces (2023) analyzed cash transfer and social security programs frequently supported by initiatives to promote financial inclusion in developing nations, such as the adoption and usage of bank accounts and e-payment methods. In Argentina, beneficiaries use debit cards to access social benefits paid into bank accounts. Findings suggest that social factors such as preference for cash, governance burdens, and national security concerns constrain financial inclusivity.

Sarma and Pais (2011) explored how financial institutions are making progress by transforming banking products and services to serve the unbanked. Combined, G2P initiatives and branchless banking present numerous opportunities for

Pakistan to advance toward broader financial inclusion. However, both supply and demand must be increased to accomplish this.

Setyaningrum (2022) examined a 2019 survey led by the Financial Services Authority and found that the Banyumas government offers low-income and impoverished households a non-cash social support program as part of Banyumas' National Strategy for Financial Inclusion. The results indicate that Banyumas Regency achieved 83.60% financial inclusion.

Gelb *et al.* (2023) found that ten million mothers and their thirteen million primary school children in Bangladesh receive financial aid through the Primary Education Stipend Program (PESP). The payment mechanism switched from cash to mobile money in 2017, indicating that most PESP women beneficiaries, especially those using a phone, supported the change to digital payments. Adoption of digital G2P payments has improved women's empowerment. Positive spillover effects on financial inclusion and competition were also observed. Gelb *et al.* (2022) analyzed a case study in India showing that giving beneficiaries access to financial accounts for G2P payments might provide a starting point for using financial services. Financial inclusivity progress has been notable due to policies that lower the cost of opening bank accounts (e-KYC), promote account opening (Pradhan Mantri Jan Dhan Yojana (PMJDY), and deliver benefits via Direct Benefit Transfer (DBT) accounts. Furthermore, mobile device use has increased.

The literature reviewed suggests that previous research has focused on examining how conditional and unconditional cash transfers affect women's financial inclusion. There is ample evidence supporting the favorable effects of unconditional cash transfer (UCT) programs, such as BISP, on variables including savings, women's empowerment, financial services, health, and education. By investigating the factors that determine female beneficiaries' financial inclusivity, this research aims to fill a gap in the literature. The study will offer new insights into the complex relationships between financial inclusion, government programs, mobile access, BISP, marital status, age, and education indicators, making a distinctive contribution to the literature on women's financial inclusion.

The literature reviewed in this section suggests that previous research has concentrated on examining how conditional and unconditional cash transfer affects women's financial inclusion. There is ample evidence to support the favorable effects of UCT programs, such as BISP, on different variables. These variables

include savings, women's empowerment, financial services, health, and education. By investigating the components that determine beneficiary females' financial inclusivity, the research aims to fill the gap in the literature. The study will offer new insights into the complex relationships between financial inclusion, government, mobile, BISP, marital status, age, and education indicators. As such, it will make a distinctive contribution to the corpus of literature already available on the topic of women's financial inclusion.

3. RESEARCH DESIGN AND METHODOLOGY

3.1. Data

Recognizing the limitations of a limited sample, we attempted to accomplish certain goals within pre-determined time and resource constraints. Techniques such as survey-based sampling were used to guarantee impartial participation. In order to prevent favoring particular BISP data settings and to provide a broad sample set for analysis, BISP survey data were chosen at random. The original survey contains information on approximately 32,878 individuals across Punjab, but the empirical analysis in this study focuses on a restricted subsample of 514. Within the chosen sample of BISP, mobile users, age, and other independent variables were selected randomly to avoid any kind of bias, ensuring a thorough representation of challenges encountered by BISP recipient women across different areas.

This research utilizes microdata collected by the Punjab Bureau of Statistics (PBS). The data originates from four surveys on women's economic and social well-being across 36 districts of Punjab, Pakistan. This survey includes 1,645 clusters and encompasses both rural and urban Punjab. The Punjab Commission on the Status of Women (PCSW) designed and implemented this survey in collaboration with the PBS. The Department for International Development (DFID) and United Nations Population Fund (UNFPA) contributed valuable assistance to this initiative. The data were disseminated in January 2022.

Firstly, the final sample is limited to female respondents of working age (15–64), consistent with the focus of the study on female financial inclusion. Secondly, observations with missing information on the dependent variable (bank account ownership) were excluded. Thirdly, the estimation sample is further restricted to respondents with non-missing data on key explanatory variables, including BISP participation, mobile phone access, education, marital status, age, and receipt of other government assistance.

These restrictions result in a final regression sample of 514 observations. The reduction in sample size is primarily driven by item non-response in education and mobile phone variables, which are not uniformly recorded across all survey

modules.

Table 2: Variables Explanation and Coding

| Variables | Descriptive | Coding |
|----------------------|--------------------------|----------------------------|
| Financially Included | Owns a bank account | 1 = Yes, 0 = No |
| Mobile | Mobile phone access | 1 = Yes, 0 = No |
| BISP | BISP beneficiary | 1 = Yes, 0 = No |
| Age | Age in years | Continuous |
| Education | Years of schooling | Continuous |
| Married | Marital status | 1 = Married, 0 = Otherwise |
| Govt. | Other government support | 1 = Yes, 0 = No |

Source: Author's own.

To ensure the analysis was robust, a number of measures were taken during the data cleaning process. First, missing data were carefully detected by considering the characteristics of the selected variables. Additionally, outliers were identified and carefully examined to assess their influence on the dataset as a whole. After a thorough analysis of each variable, the choice was made to keep or eliminate it based on its relevance to the goals of the study.

3.2. Method

The dependent variable is Financially Included for both Logit and Probit models, and the total number of observations is about 32,878. Table 3 shows the statistical information of the collected sample data (Evans, 2018). On average, the mean score for the dependent variable (Financially Included) is around 0.406, indicating a moderate level and mean-reversion behavior. The mean value of the independent variable Mobile is approximately 0.589, also indicating a moderate level. The mean value for the BISP variable is 1.177. Age, on average, is 33.52 out of 64, and the standard deviation of 12.133 reflects deviation from the mean value. On the other hand, the total observation of the independent variable Education is 16,502, and its mean value is 3.565 out of 19, indicating a very low level of education among women. The standard deviation of Education is 2.779, showing substantial deviation from the mean. The average score of Married variable is 1.999. The mean score for Govt. is 0.125, also indicating a very low score. All variables show mean-reversion behavior except Age and Education.

Table 3: Descriptive Statistics

| Variables | Obs | Mean | Std. Dev | Min | Max |
|----------------------|--------|-------|----------|-----|-----|
| Financially Included | 32,878 | 0.406 | 0.491 | 0 | 1 |
| Mobile | 29,020 | 0.589 | 0.492 | 0 | 1 |
| BISP | 2,056 | 1.177 | 0.381 | 0 | 1 |
| Age | 29,020 | 33.52 | 12.113 | 15 | 64 |
| Education | 16,502 | 3.565 | 2.779 | 1 | 19 |
| Married | 29,020 | 1.999 | 1.212 | 0 | 1 |
| Govt. | 32,878 | 0.125 | 0.331 | 0 | 1 |

Source: Author's own.

The dependent variable is Financially Included. Given the binary nature of the outcome variable, we estimate Logit and Probit models to assess the probability that a woman owns a formal bank account.

Note that variable BISP was coded as 0 = No, 1 = Yes, allowing for multiple categories in special cases, which explains the mean > 1. Marital status was coded as 0 = Single, 1 = Married, 2 = Divorced.

The regression equation for both Logit and Probit modeling is presented below:

Logit model:

$$P(Y_i = 1) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 \times Mobile + \beta_2 \times BISP + \beta_3 \times Age + \beta_4 \times Education + \beta_5 \times Married + \beta_6 \times Govt + \mu)}}$$

Probit model:

$$P(Y_i = 1) = \Phi(\beta_0 + \beta_1 \times Mobile + \beta_2 \times BISP + \beta_3 \times Age + \beta_4 \times Education + \beta_5 \times Married + \beta_6 \times Govt + \mu)$$

where $Y_i = 1$ if the respondent is financially included and 0 otherwise, $\Phi(\cdot)$ denotes the standard normal cumulative distribution function, and μ is the error term. The coefficients measure the influence of the independent variables: Mobile, BISP (Benazir Income Support Program), Age, Education, Married, Govt., respectively.

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

The following results in Table 4 analyze the factors influencing whether women have a bank account (financial inclusion) in Pakistan. The data were analyzed using both Logit and Probit models, which provide statistically similar results.

The results in Table 4 show that women who use Mobile are significantly more likely to have a bank account, according to the Logit coefficient of 0.593 and Probit coefficient of 0.358, with both models statistically significant at the 1% level. This suggests that mobile phone ownership might be a gateway to financial inclusion, potentially through mobile banking options. Evans (2018) reveals that internet and mobile phones have a strong positive association with financial inclusion. This indicates that rising levels of internet and mobile phone access are correlated with increased financial inclusion.

Table 4: Results

| Dependent Variable: Financially Included | Logit | Probit |
|---|---------------------|----------------------|
| Mobile | 0.593* (0.229) | 0.358* (0.135) |
| BISP | 0.394** (0.222) | 0.239** (0.136) |
| Age | 0.00746 (0.0112) | 0.00449 (0.00681) |
| Education | 0.0933* (0.0539) | 0.0568* (0.0320) |
| Married | 0.278 (0.174) | 0.169 (0.108) |
| Govt. | 0.553* (0.293) | 0.345* (0.181) |
| Observations | 514 | 514 |

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Source: Author's own.

Receiving support from the BISP has a positive and statistically significant association with financial inclusion at the 5% level. This indicates that the program might play a role in promoting bank accounts among women. According to past studies, BISP and other government support programs have a positive impact on women's empowerment, which contributes to financial inclusion (Ahmad *et al.*, 2021; Phulpoto *et al.*, 2022).

The independent variable Age has a weak positive association with financial inclusion but is not statistically significant in either model. Higher education

shows a positive and statistically significant association at the 10% level with financial inclusion in both models. This suggests that education might empower women to access and manage bank accounts. These results are consistent with prior studies indicating that age and education positively influence financial inclusion (Demirgüç-Kunt *et al.*, 2013; Sanderson *et al.*, 2018; Zins & Weill, 2016).

Marital status (Married) is not statistically significant in either model, so it is difficult to determine whether being married influences financial inclusion. Previous studies (Demirgüç-Kunt *et al.*, 2015; Demirguc-Kunt *et al.*, 2013; Klapper & Singer, 2015; Soumaré *et al.*, 2016) have applied similar analyses in Africa using the Global Findex database, showing that marital status is generally not a decisive factor. By comparison, the determinants of financial inclusion in this study align with findings from Africa and West Africa, including the role of marital status.

Receiving benefits from other government initiatives (Govt.) has a positive and statistically significant association at the 10% level with financial inclusion in both models. This suggests that government programs, in general, may contribute to increased bank account ownership. Earlier studies indicate that financial inclusion remains low in Northeast India, where education is a major contributing factor, while rural recipients of government assistance show higher levels of inclusion (Sarma & Pais, 2011).

Other studies illustrate the beneficial effects of BISP on the everyday lives of women who receive unconditional funds from the government. Women receiving these funds have experienced positive effects in multiple aspects of their lives (Ahmad *et al.*, 2021). Overall, both models show that mobile phone use, BISP support, education level, and receiving government benefits are all associated with a higher likelihood of a woman's household having a bank account in Pakistan.

5. CONCLUSION

The current study reveals several factors that influence financial inclusion among women in Pakistan. Using Logit and Probit models, the study fulfills its objectives and provides positive evidence of the majority of factors influencing financial inclusion among women.

The results show that women who use mobile phones are more likely to have bank accounts, suggesting that access to mobile phones may increase financial inclusion. The BISP has a substantial positive correlation with women's financial participation, indicating that government programs of this type provide opportunities for women to engage in financial activities. Furthermore, education

also promotes financial inclusion, highlighting the importance of being well-educated and aware of the financial system. Variables such as age and marital status have no significant impact on financial inclusion.

Moreover, in both models, financial inclusion and receiving benefits from other government programs (Govt.) are positively and statistically significant, suggesting that government initiatives as a whole may contribute to increased bank account ownership, ultimately leading to greater financial inclusion.

Based on the findings, it can be argued that higher education, increased mobile phone ownership, and the BISP might improve the financial inclusion of women. The government should expand initiatives of conditional and unconditional cash transfer programs, which would promote women's financial inclusion and empowerment, and support them in all areas of life. Furthermore, education for women must be supported by the government to enable financial independence and inclusion. In addition to reducing or eliminating school registration and other fees, governing authorities and their development partners should promote and facilitate access to education by fostering an environment that motivates young people to pursue higher education.

6. POLICY GUIDELINES

Based on the findings of this study, it is recommended that the government expand the coverage and amount of cash transfers under the BISP to enable more women to participate actively in the formal financial system. Efforts should be made to improve access to mobile phones and digital banking platforms, particularly in rural and underserved areas, alongside training programs that enhance digital financial literacy.

Linking cash transfers with other government initiatives, such as education, health, and vocational training, can provide a more comprehensive support system for women, empowering them socially and economically. These integrated programs could ensure that women not only receive financial support but also gain the necessary skills and knowledge to manage finances effectively, fostering long-term financial inclusion and empowerment.

7. LIMITATIONS

Although this study offers a valuable contribution to the literature, there are several limitations. The sample size of 514 respondents from Punjab may not fully represent all BISP beneficiaries across Pakistan. Another constraint is the cross-sectional approach, which limits the ability to establish causality between cash transfer participation and financial inclusion.

Additionally, the findings are specific to Punjab and may not be generalizable to other provinces. Rapid changes in digital banking and mobile technology suggest that the results may require updating in the near future. Finally, some variables, such as informal financial practices or cultural factors, were not captured in the dataset, which may influence the generalizability and completeness of the findings.

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