# Gendered Laws and Women's Financial Inclusion

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## Abstract

This paper documents the relationship between legal gender equality and the use of financial services, using individual-level data from 148 developed and developing economies. The analysis, which combines data from the Global Findex and *Women, Business and the Law* databases, highlights the existence of a significant and positive correlation between gender equality in the law and women's access to financial products. The results show that greater legal equality alleviates women's involuntary financial exclusion. The findings also suggest that prevailing adverse social norms can nullify the beneficial effects of legal equality, and that better implementation of the law can facilitate a stronger relationship between legal frameworks and women's financial inclusion.

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## 1. Introduction

Financial inclusion, understood as access to and use of affordable financial services by enterprises and households, has gradually become one of the top priorities of recent development and international policy agendas.[2] This interest derives from the recognition of macro and micro socio-economic benefits of financial inclusion, including economic growth, poverty alleviation, inequality reduction and aggregate consumption smoothing (Beck and Demirguc-Kunt, 2008; Bruhn and Love, 2014; Aslan et al., 2017; Burgess and Pande, 2005; Bhattacharya and Patnaik, 2016 among others).

A cursory view of data on global financial inclusion portrays that there has been significant progress in expanding financial inclusion. The World Bank Global Findex report (2021) suggests that account ownership around the world increased by 50 percent in the 10 years spanning 2011 to 2021. This implies that 76 percent of the global adult population in 2021, compared to 51 percent in 2011, have accounts at banks, other financial institutions or mobile money service providers.

However, financial inclusion is not gender-neutral, with large gaps in access between men and women. Worldwide, in 2021, only 74 percent of women had an account at a formal financial institution compared with 78 percent of men. This gender gap of 4 percent in financial access is systematic and persistent (Demirguc-Kunt et al., 2022). Thus, about 740 million women (13 percent of all adults globally and 54 percent of the unbanked) still do not have access to any bank services. These disparities are worrisome for women's empowerment, including their labor force participation (Gonzales et al., 2015), family welfare (Swamy, 2014) and household savings (Dupas et al., 2018).

Given this statistical evidence, it is crucial to shed light on the factors that might explain the cross-country variation in the financial exclusion of women. Extant literature mostly focuses on assessing microeconomic drivers of female financial inclusion, such as socio-demographic characteristics (Zins and Weill, 2016), financial literacy (Grohmann et al., 2018), individual preferences (Beck et al., 2018) or educational level, employment status and income (Aterido et al., 2013; Ghosh and Vinod, 2017). Nonetheless, country-level factors – and more

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[2] For instance, the foundational document of the global Alliance for Financial Inclusion (AFI), the 2011 Maya Declaration, asserts that all its members (more than 80 economies) "recognize the critical importance of financial inclusion to empowering and transforming the lives of all our people, especially the poor, its role in improving national and global financial stability and integrity and its essential contribution to strong and inclusive growth in developing and emerging market countries."

specifically legal restrictions – may be of utmost importance to understand the exclusion of women from financial institutions. In many economies, women still face an adverse regulatory environment that may exclude them from the formal financial system. For instance, in Equatorial Guinea in 2022, articles 60 and 1263 of the *Código Civil* imply that a married woman still needs her husband's consent to open a bank account. Other restrictions, such as weak property rights that limit women's ability to enter contracts in their own name, laws that prohibit equal inheritance to property, or legal limitations on female-led businesses, represent just a few examples of such discrimination against women, which may hinder their demand for and access to finance. However, to what degree legal frameworks affect women's financial inclusion remains an empirical question.

This paper seeks to present new empirical evidence by analyzing the mediating role of legal institutions in hindering or facilitating women's financial inclusion. More specifically, we ask three major questions. Firstly, what does the evidence suggest regarding the effect of legal gender equality on women's financial inclusion? Secondly, what are the channels through which the law may impact such inclusion? Thirdly, how do factors related to the environment in which a woman lives—such as social norms and level of legal enforcement— mediate the relationship between the law and financial inclusion? To proceed, we combine the Global Findex data set, a comparable cross-country survey providing information about the use and reach of financial services – both formal and informal – around the world, with the World Bank's *Women, Business and the Law* (WBL) indicators to capture legal equality between men and women. We assess the intensity of gender norms using the *Equality* index provided by the World Values Survey (WVS). Moreover, we measure the degree of law enforcement using the *Rule of Law* indicator from the World Bank's Worldwide Governance Indicators project.[3] Combining these data sources allows us to test our set of hypotheses on a large and representative sample of 469,272 individuals living in 148 economies around the world for the years 2011, 2014, 2017 and 2021.

We find that women are significantly more likely to have a bank account, to save and to borrow in countries with greater legal equality, even after controlling for a host of individual and country characteristics. Looking at the specific ways in which equality may increase financial inclusion, we find that greater legal equality reduces the likelihood of a woman not having an account due to involuntary motives, such as an inability to meet eligibility criteria. Looking at how the broader environment mediates the relationship between laws and financial

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[3] https://info.worldbank.org/governance/wgi/ [Accessed: November 28, 2022]

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inclusion, we find that while a better regulatory environment strengthens the efficiency of legal reforms, widespread social norms that discriminate against women negate the beneficial effect that legal equality has on women's financial inclusion. We conduct several robustness tests to ensure the reliability of our results.

Our paper contributes to the literature on women's access to finance along two distinct dimensions. First, this study adds to the literature exploring the economic outcomes of gendered laws. To the best of our knowledge, this is one of the earliest studies to systematically investigate the issue of legal gender equality and its association with women's access to financial services. Our findings complement those of Demirguc-Kunt et al. (2013), where the focus is restricted to developing economies in 2011. The authors demonstrate that the ability to work, to be the head of a household and to receive inheritance contributes to the likelihood of a woman owning an account. Nonetheless, the data structure does not allow for the identification of any causal relationship between legal frameworks and women's access to financial services. In comparison, we use a sample covering a larger set of countries and capturing a more comprehensive set of questions on financial inclusion based on four waves of data, i.e., 2011, 2014, 2017 and 2021. We also control for a broader range of country characteristics in addition to legal restrictions, such as the level of economic development and, importantly, the prevalence of social norms and the broader regulatory environment. Moreover, we propose, in addition to our OLS results, an instrumental variable approach, which brings us closer to making assertations of causality.

Second, this paper considers an important country-specific factor of access to and use of all financial services, not just credit as done in large parts of the literature. Perrin and Bertrand (2022) show that legal protections are associated with lower levels of reluctance among women-led firms to apply for loans or lines of credit, but they are not associated with the success rates of these applications. Thus, we enrich extant literature about the determinants of gender-based differential access to financial services. We enlarge the scope of financial inclusion beyond the simple access to credit and, furthermore, we consider a wider range of gendered laws in order to capture potential spillover effects beyond those areas of the law that directly target equal financial inclusion.

The remainder of the study continues as follows. Section 2 provides the theoretical backdrop on the link between gendered laws and financial inclusion. Section 3 provides an overview of the variables and the methodology used, followed by a discussion of the results in

Section 4. Section 5 presents the robustness checks, and the final section concludes and presents policy implications.

## 2. Hypotheses development

What drives female financial inclusion is a question that is attracting growing interest. The literature underlines several theoretical reasons explaining the persistent gender gap in access to financial services. First, financial exclusion of women might be explained by statistical discrimination, in the sense that their lower degree of education and involvement in the formal labor market is an obstacle for women to access formal financial services. Thus, Aterido et al. (2013) demonstrate that lower wage, educational attainment and involvement in formal employment contribute to explaining why, prima facie, female households tend to be less likely to have access to finance in Sub-Saharan Africa. In the same vein, Grohmann et al. (2018) present evidence that financial literacy has a significant influence on women's financial inclusion even after controlling for country-level, institutional and other individual factors.

Second, the lower involvement of women in the formal financial market might reflect taste-based discrimination embodied by traditional gender role distribution in society that leads to misrepresentations about the out-group, i.e., women. Behavioral differences might be important, leading to taste rather than statistical discrimination in credit markets (Beck et al., 2018). Demirgüç-Kunt et al. (2013) show that adverse social norms contribute to explaining part of the variation in the use of financial services between men and women. In the same vein, male heads of households in Kenya are more likely to receive formal credit (Johnson, 2004). On another note, gender marking in language creates an unconscious bias that affects women-led businesses' access to microfinance according to country-level data from 115 countries between 1995 and 2015 (Drori et al., 2018).

Beyond the microeconomic statistical- and taste-based discriminatory drivers discussed above, other empirical studies have pointed out the role of institutions and legal barriers in explaining the differences in access to financial services between men and women. A study conducted by Balasubramanian et al. (2019) shows that women's land ownership status has an effect on their financial inclusion in 148 countries. This finding has been subsequently confirmed by Adegbite and Machethe (2020). They demonstrate that the gender gap in formal financial services in Nigeria is mostly impacted by sociocultural, institutional, legal and regulatory factors. Using a panel of 752 microfinance banks in Nigeria during the period 2011 to 2014, Ogunleye (2017) finds evidence that differential treatment under the law or customs may prevent women from entering into contracts under their own name, including the opening

of a bank account. Hence, greater legal equality may decrease both statistical and taste-based discrimination, therefore enhancing women's likelihood to open a formal bank account, to save and to borrow. Women may perceive the law as a path to equal opportunity in financial services such that they expect equivalent treatment compared to their male counterparts. And, from the supply-side, formal legislation should constrain financial institutions to treat male and female prospective clients equally. This leads to our first hypothesis:

**H1:** The more women are legally protected, the greater their financial inclusion.

Nonetheless, one may be skeptical about the convergence between *de jure* expectations of gender equality and *de facto* experience in financial services due to other characteristics of the ecosphere in which a woman resides. For example, adverse social norms may inhibit women's demand for financial services compared to men (Johnson, 2004). Research in rural Paraguay shows that women are more knowledgeable about financial institutions and loan requirements when they control a larger share of family assets and when their husbands do not oppose them taking out loans (Fletschner and Mesbah, 2011). Indeed, negative perceptions of women stemming from adverse social norms causes unfavorable attitudes toward them in society – and by extension in banking institutions, which may impede the effectiveness of formal legal institutions. Acemoglu and Jackson (2017) show that when laws are in conflict with social norms, the likelihood of an agent breaking the law is substantially higher. More than that, Bénabou and Tirole (2011) demonstrate that using the law to change customs may have the opposite effect than expected, and this is particularly the case for discrimination against women. Therefore, the prominence of traditional gender roles in a society may substantially reduce, if not cancel altogether, the beneficial effect of legal reforms.

There are other factors that may impact the effectiveness of legal equality in improving women's access to finance. For example, Djankov et al. (2008) explain that it is not so much the existence of a law that counts, but its enforcement. The greater the level of legal enforcement, the greater the impact of the legal framework. By the same token, Kube and Traxler (2011) show that the implicit delegation of the enforcement of norms to formal, centralized institutions allows for a significant increase in overall welfare. Hence, in a country with strong institutional capabilities that effectively enforce the laws on the books, a legal framework protecting women should more effectively ensure financial access. Combining our posited mediating effects of social norms and legal enforcement, we propose the following second hypothesis:

**H2:** Characteristics of the wider ecosphere may impact the strength of the relationship between legal equality and access to finance.

## 3. Data and methodology

This section provides information on key elements underlying our study. Section 3.1 introduces the methods used and the dependent variables considered, Section 3.2 documents individual-level controls and Section 3.3 presents country-level variables. Descriptive statistics for all variables are presented in Table 1. The sources and descriptions of variables are detailed in Appendix A.

### 3.1. Methodology

This research aims to explain female financial inclusion using legal gender equality. Financial inclusion is a broad, multidimensional, and polysemic concept, constantly evolving and regularly discussed in the scientific sphere. Thus, literature suggests a wide range of measures of financial inclusion based on characteristics that are symptomatic of the breadth and the depth of access to financial services. To facilitate the discussion, we consider the most basic dimension of access to the financial system suggested by Demirgüc-Kunt and Klapper (2013), i.e., formal account ownership, including mobile money accounts (the variable *Account* in our analysis). This is captured by the survey question in Findex– "Do you, either by yourself or together with someone else, currently have an account at a bank or another type of formal financial institution?" This is a fundamental measure of financial inclusion as having a bank account is the gateway for the rest of financial services and it allows holding and handling money more easily and safely. This is a dummy variable equal to one if the person responded "yes" and zero otherwise. Thus, we start by testing the outlined hypotheses with a linear probability specification using the following model:[4]

$$P(Account_{i,t}) = \alpha + \beta * Female_{i,t} + \gamma * WBL\ indicators_{j,t} + \delta$$
$$* (Female_{i,t} * WBL\ indicators_{j,t}) + \theta * Controls_{i,j,t} + \varepsilon_{i,j,t}$$

The subscript *i* refers to the individual, *j* to the country where the individual lives, and *t* to year; $\varepsilon$ is an idiosyncratic error term. $Female_{i,t}$ is a dummy variable equal to one if the individual is a woman, and zero otherwise. We separately test the relationship with each of the

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[4] Norton et al. (2004) demonstrate that we cannot derive the economic magnitude of an interaction term directly in nonlinear regressions such as probit models. Because our main variables of interest are interaction terms, we run linear probability models (LPM) in our main estimations in order to permit the interpretation of the coefficients.

eight $WBL\ indicators_{j,t}$ plus the aggregated WBL index in order to capture each specific aspect of gendered laws covered by Women, Business and the Law. $Female_{i,t} * WBL\ indicators_{j,t}$ is the interaction variable of interest, because it captures the likelihood of a woman being financially included depending on legal gender equality. Finally, $Controls_{i,j,t}$ is a matrix of individual and country-specific control variables, details of which are discussed in the data section below. We control for potential omitted variable bias by including year fixed effects to capture time-specific shocks and country-level fixed effects to control for country characteristics. Standard errors are clustered at the country level, following Abadie et al. (2017). All reported estimations are weighted using individual weights that are provided in the Global Findex database to ensure national representativeness.

### 3.2. Individual-level variables

Our individual-level variables are extracted from the World Bank's Global Findex database.[5] The survey was conducted by Gallup, Inc., in conjunction with its annual Gallup World Poll Survey. Global Findex covers approximately 150,000 respondents belonging to 144 countries, thus representing more than 97% of the population of the world. Using random selection, roughly 1,000 people of age 15 and above in each economy have been questioned using over 140 languages. A stratified random sampling technique was used, and a stratum was developed based on population size, geography or both to ensure representativeness. The Global Findex is composed of four waves of data (2011, 2014, 2017 and 2021).

Using variables from the Global Findex database, we control for potential cofounders of financial inclusion at the individual level. First, *Age* is the respondent's age in years and is expected to be positively correlated with financial inclusion (Zins and Weill, 2016). Second, we introduce four dummies to capture if the respondent is in the first income quintile (*incomeQ1*), second income quintile (*incomeQ2*), third income quintile (*incomeQ3*), or fourth income quintile (*incomeQ4*), and consider the richest income quintile dummy as the omitted variable. Individuals with higher incomes are more likely to have access to the formal financial system (Aslan et al., 2017). Existing literature shows that individuals with higher levels of education are more likely to have better financial education and to be more financially included (Allen et al, 2016; De la Rica et al., 2008). We thus consider two dummies to control for educational attainment, one equal to one if the individual has completed elementary education

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[5] The database is freely available at the World Bank website: https://datatopics.worldbank.org/financialinclusion.

or less (*Primary or less*) and another equal to one if the respondent completed secondary education and some education beyond secondary education (*Secondary*).

## 3.3. Country-level variables

We consider the eight indicators provided by the World Bank's WBL database that capture laws that may impact women's economic opportunities from their entry into the labor market through to their retirement.[6] Thirty-five legislative issues are aggregated into the following eight indicators, composed of four or five binary questions in each: *Workplace* explores specific barriers to women's opportunities in the labor market, *Pay* targets women's pay equality, *Marriage* assesses legal constraints related to marriage, *Parenthood* focuses on the availability and equality of paid parental leave and the rights of pregnant women, *Entrepreneurship* examines women-specific legal constraints to launching and running a business, *Assets* considers gender differences in property ownership, control, and inheritance and, lastly, *Pension* measures gender equality as it relates to retirement and pensions. Finally, we consider the aggregate *WBL index*, which is an unweighted average of the aforementioned eight indicators. Each indicator ranges from 0 to 100, where a score of 100 implies that there are no legal inequalities between men and women in the areas covered by the index.

To provide robust estimations about the relationship between female financial inclusion and gender legal framework at the country level, we control for three additional country-level variables following Demirgüç-Kunt and Klapper's (2013) recommendations. All these variables are provided by the World Bank's World Development Indicators.[7] First, we introduce the natural logarithm of GDP per capita (*lnGDPpercapita*) as economic development is strongly correlated with financial inclusion. Second, as high inflation levels may affect the willingness of the population to hold accounts in formal financial institutions, we consider the natural logarithm of the inflation rate (*lninflation*). Finally, we capture the depth and breadth of the financial sector in an economy using the ratio of deposit money bank assets to GDP (*Financialsystemdeposits*) which is a widely used financial development indicator (Creane et al., 2007).

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[6] The Women, Business and the Law (WBL) database is freely available at https://wbl.worldbank.org/en/wbl.
[7] The World Development Indicators (WDI) data set is available at: https://databank.worldbank.org/source/world-development-indicators.

## 4. Results

### 4.1. Main results

We start our analysis by examining the relationship between legal equality and account ownership in **Table 2,** controlling for year and country fixed effects, as well as the individual and country-specific variables outlined above. We test sequentially the eight WBL indicators and their respective interaction terms with the female dummy variable.

With regard to access to formal finance, the results confirm our first hypothesis that higher legal gender equality is associated with increased female financial inclusion. This is captured by the positive and significant coefficient on the interaction term between *Female* and the aggregate WBL index, as well as all of the WBL indicators, with the exception of pensions (column (8)). Going through the WBL indicators, we see that, first, the coefficient of *Female * Mobility* is positive and significant in **Table 2**. This is consistent with existing evidence that points to a positive association between laws ensuring women's freedom of movement and several outcomes that are directly related to financial inclusion, including business ownership (Islam et al., 2018) and labor market participation (Hallward-Driemeier and Gajigo, 2015). The same argument holds for *Workplace*. Greater legal gender equality in the pursuit of a profession has been found to have a positive effect on female employment (Gonzales et al. 2015, Islam et al. 2018). Thus, alleviating, for instance, restrictions on working outside the home increases the likelihood of a woman being engaged in paid work (Hallward-Driemeier and Gajigo 2015). Column (2) of **Table 2** confirms that this positive link extends to women's financial inclusion. Similarly, the coefficient of the *Pay* interaction is positive and significant. This result is in line with the study of Islam et al. (2018) who shows that allowing women to work during night hours (captured under the *Pay* indicator) is positively associated with higher levels of responsibility for them. Laws relating to marriage capture a wife's autonomy at home, as well as legislation on domestic violence, divorce and remarriage. It is not surprising to observe a positive and significant coefficient of the variable *Female * Marriage* in the *Account* specification, since Hallward-Driemeier et al. (2013) demonstrate that legislation allowing a woman to be the head of household is positively correlated with female labor force participation across 98 economies. Evidence concerning the effects of parenthood-related legislation on female outcomes is less clear-cut. For example, in a study of the impacts of paid maternity leave policies in the European Union, Ruhm (1998) finds that while paid leave is associated with higher levels of female employment, excessively long durations of leave are associated with a decline in women's wages. Our results support a beneficial effect of laws

related to parenthood for female financial inclusion. Equal treatment in *Entrepreneurship* – i.e., in signing a contract, registering a business, and legally opening a bank account – increases the likelihood for a woman to open a blank account. This same holds true for *Assets,* which captures laws related to women's property ownership and inheritance rights. This positive link is consistent with a compendium of literature that demonstrates that women's legal rights to own and manage property are linked to labor supply, level of income, access to credit, capital formation (e.g., Joireman, 2008; Gonzales et al., 2015; Hallward-Driemeier and Gajigo, 2015). Finally, the coefficient of the *Female * Pension* interaction is not significant. It may be that there is no detectible relationship here as such laws, which impact a woman's economic well-being at the end of her working life, are applicable at too late a stage in the course of her career. Overall, the positive and significant coefficients of the *Female * WBL* interaction terms in all models indicate that, on a global level, legal gender equality is positively correlated with women's financial inclusion.

The estimated coefficients on the control variables are in the direction expected. First, being a woman significantly dampens the likelihood to be financially included, no matter the legal framework. In line with Gosh and Vinod (2017), we find that *Age* has a significant positive effect on formal account ownership. We observe that lower levels of income are negatively correlated with access to financial services in line with Demirgüç-Kunt and Klapper (2013). Moreover, being part of the lowest educated segment of the population significantly decrease the likelihood of accessing financial services. Regarding the country-level variables, only *lnGDPpercapita* has a robust effect on financial inclusion. This might be explained by the cross-sectional structure of our data and the inclusion of country fixed effects that may capture the effect of our macroeconomic controls.

## 4.2. Further estimations

### 4.2.1. Mediating effect of norms and legal enforcement

In order to test what the mediating impact of social norms might be on the relationship between legal equality and women's financial inclusion, we use the inverse of the Equality variable (which we refer to in our results as the *Negative Attitudes* variable) provided by the World Values Survey (WVS) in line with Davis and Williamson (2019). Data from the WVS have been used to measure the intensity of gendered social norms by Seguino (2007; 2011), Kenny and Patel (2017) and Klassen (2019), amongst others. The WVS data are collected by a group of social scientists, and they follow set rules and procedures for collecting data. Using

in-person interviews, this survey includes information on the values that people find important and their viewpoints regarding different social issues. The data are collected in waves: this is not an issue since the Global Findex is structured in the same way. Thus, we consider the 3-item index measuring a national culture's emphasis on universal freedoms in the domain of gender equality (support of women's equal access to education, jobs and power) available at the country level. We introduce the inverse of this variable in order to capture the intensity of negative norms towards women in each specification.

To test for a mediating impact of negative social norms towards women, we re-estimate our model, including a triple interaction term that captures the interaction between gendered laws, negative social norms (the variable *Negative Attitudes*) and the female dummy. Each of the variables are also included in the model as two-way interaction terms as well as individual variables. The results provided in **Table 3** are unambiguous: once social norms are accounted for, the beneficial effect of equality in law for women's financial inclusion is no longer significant. The only exception is the Pension indicator, where the coefficient on the interaction term between equality in Pension law and the *Female* dummy becomes positive and significant. However, this coefficient is overpowered by the negative and significant coefficient on the Pension by social norms variable (the term *Negative Attitudes * WBL variable* in the regression), as well as the triple interaction term (*Female * WBL variable * Negative Attitudes*). Beyond directly preventing women from accessing financial services, gender norms may also discourage women from pursuing education, from obtaining jobs in the formal market, thus preventing women from having the basic tools necessary to utilize financial resources. This result confirms the claim of Acemoglu and Jackson (2017) who show that conflicting social norms should be considered in the law-making process in the sense that they have the potential to negate the effect of a women-friendly legal framework.

Continuing our testing of **H2**, we consider legal enforcement as a potential mediating factor between legal equality and women's financial inclusion. To capture legal enforcement, we use the Rule of Law (*ROL*) indicator provided by the World Bank's World Governance Indicators data set. According to the data description, "Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the

likelihood of crime and violence."[8] To test our hypothesis, we re-estimate our model with a triple interaction term that captures the interaction between gendered laws, rule of law and the female dummy. Each of the variables is also included in the model as two-way interaction terms as well as individual variables. This is the same approach as was taken above to test the mediating impact of negative social norms.

The results presented in **Table 4** show that the triple interaction between legal equality, *Female* and legal enforcement is positively and significantly related to account ownership for the regression in which equality is represented by the *Mobility*, *Workplace*, *Pay*, *Marriage*, *Entrepreneurship,* and *Assets* indicators, as well as the regression with the aggregate *WBL index*. This supports **H2**: rule of law strengthens the positive relationship between legal equality and women's financial inclusion. Our finding extends the claim of La Porta et al. (1997): higher regulatory quality also significantly increases women's financial inclusion. This implies that in order to broaden financial access for women, economies must pursue their efforts to improve their governance and institutions, specifically through strengthening the rule of law, including enforcement of financial contracts and financial regulatory oversight.

### 4.2.2. Investigating the channels

The Global Findex data set also includes cross-country data on self-reported reasons for not having a formal account, making it possible to identify specific barriers to financial inclusion. Each respondent can answer whether one or several of the proposed barriers contributes to restricting her/his access to account ownership. More specifically, respondents were asked: "Please tell me whether each of the following is a reason why you, personally, do not have an account at a bank or another type of formal financial institution?". The reasons considered are: *Too far away*, *Too expensive*, *Lack of documentation*, *Lack of trust*, *Lack of money*, *Religious reasons*, *Family member has one*, *Cannot get one* or *No need for financial services*. **Appendix A** provides a more detailed description of each response.

Investigating the motives for financial exclusion are especially relevant for studies focusing on the role of institutional frameworks. Indeed, individuals can either be voluntarily or involuntarily financially excluded (de Koker and Jentzsch, 2011). The 2014 Global Financial Development Report (World Bank, 2013) defines voluntary exclusion as the result of religious or cultural impediments, or lack of interest in financial services. In contrast, involuntary

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[8] https://info.worldbank.org/governance/wgi/Home/downLoadFile?fileName=rl.pdf [Accessed: November 29th, 2022].

exclusion includes lack of trust in the financial system or barriers such as affordability, inappropriate product design and inability to meet eligibility criteria required by the financial institution. Reasons for involuntary financial exclusion include insufficient income, difficult paperwork, distance of financial institution and/or religion.

The distinction between voluntary and involuntary exclusion is crucial to design effective policies. Since voluntary exclusion cannot be a direct consequence of market failure, little can be done to address it. It is, therefore, noteworthy that only the reasons underlying involuntary exclusion can help to identify barriers to financial inclusion, which can be targeted by appropriate policies – notably laws in our framework. Insofar as women's exclusion is involuntary, legal policies and appropriate strategies must be implemented to ease access to financial services for the affected populations.

Therefore, we perform the estimations using each of the seven motivations aforementioned as dependent variables, by considering the WBL index variable as the explanatory variable of interest. The results are reported in **Table 5**. The coefficients for *Lack of documentation* and *Family member has one* are significant and negative, whereas we do not observe any beneficial effect of gendered equal laws on other reasons for financial exclusion. However, the likelihood of being financially excluded due to a lack of money increases when gender equality in law increases. This may lie on the fact that worldwide, lack of money is the most common mentioned motive for not having a formal account – cited as the only reason by 30 percent of non–account holders (Demirguc-Kunt et al., 2022). This speaks to the fact that having a formal account is not costless in most parts of the world and that individuals with small or irregular income streams might view an account as an unnecessary expense, given the relatively high cost. This is not a market failure that we would expect could be resolved by greater legal equality for women. Overall, our results suggest that greater legal equality, as captured by the *WBL index* may be effective in reducing involuntary financial exclusion through two frequently cited channels.

## 5. Robustness checks

### 5.1. Additional controls

If legal frameworks influence women's engagement with the financial system, one may argue that other cultural factors may have similar impact. It is therefore possible that the correlations attributed to gendered laws in our main estimations may capture the overall influence of other dimensions of how a society treats women. We thus seek to rule out this

possibility by performing additional estimations in which we control for alternative measures of culture.

First, Global Findex reveals that religious belief is one of the top reasons for voluntary financial exclusion, with 6 percent of respondents citing it. By the same token, Demirgüc-Kunt et al. (2014) demonstrate that Muslims are significantly less likely than non-Muslims to own a formal account or save at a formal financial institution, mostly due to the fact that conventional financial products violate the Sharia. Moreover, evidence shows that religion-based financial exclusion is disproportionately more prominent among women (Cicchiello et al., 2021). As our sample does not allow us to control for respondent's religion, we consider the CIA World Factbook country-level data to create four dummy variables (*Catholic, Protestant, Muslim and Buddhist*), each of which takes the value 1 if the religion represents more than 50% of the population in the country (highest percentage of practicing population) and 0 otherwise. We drop *Buddhist* to avoid perfect collinearity.

Second, Lu et al. (2021) suggest that a country's cultural attributes – particularly its level of individualism – are linked to its inhabitants' financial inclusion. Overall, the effect of culture on the decision-making process of individuals has been widely investigated in the economics and finance literature (Guiso et al., 2006). Therefore, we consider additional cultural dimensions using the six traditional indices provided by Geert Hofstede, namely *Individualism*, *Power distance*, *Masculinity, Long-term orientation, Indulgence* and *Uncertainty avoidance*. Variables are described in detail in **Appendix A**.

The reason why additional cultural measures and religion where not included in the main estimations is that they may potentially introduce multicollinearity in our model. Indeed, culture has been shown to exert an influence on the development of laws, especially those related to gender (Bu, 2015).

**Table 6** reports the results of the regressions with these additional control variables included. We first add them separately in Columns (1) and (2) and then jointly in Column (3). Interestingly, we find that while the estimated coefficient of *Masculinity* is significantly negative, the estimated coefficients of other Hofstede cultural dimensions are insignificant. With regard to religion, we observe that the coefficients of the interaction terms of interest remain positive and significant. We observe that Muslim countries are associated with lower financial inclusion in line with Demirgüc-Kunt et al. (2014). More important for our purpose, the inclusion of these additional variables does not change the interpretation of our results, as

the interaction terms remain positively and significantly correlated with financial inclusion in all regressions. Hence, our findings are unlikely to be confounded by other cultural factors.

## 5.2. Alternative dependent variable

Beyond the simple ownership of bank accounts, Demirgüç-Kunt and Klapper (2013) highlight the importance of considering their usage. The authors explain that 10 percent of account owners in developing economies maintained an inactive account, i.e., "they make neither withdrawals from nor deposits into their account". Moreover, Aterido et al. (2011) show that the use of financial services also varies significantly between men and women by considering nine Sub-Saharan countries. As suggested by Duflo (2012), women are relatively less inclined than men to use the account if it was easy for their husbands to get the money out. Thus, one may argue that having an account does allow for women's empowerment, whereas using the account to achieve development goals may be more relevant for accessing economic opportunities. This is particularly relevant in India, where despite the massive growth in ownership, 43 percent of accounts remain inactive, the highest rate in the world according to the 2021 Global Findex report.

Thus, we consider an alternative measure of financial inclusion to capture the frequency of account use. We focus on withdrawals as suggested by Allen et al. (2016), because such operations are actively initiated by account owners while deposits might be initiated by others (for example, employers or governments). Account holders answer the following question: "In a typical month, about how many times is money taken out of your personal account(s)?" Respondents are asked (categorically) if they conducted: (*i*) 0 withdrawals, (*ii*) 1–2 withdrawals, (*iii*) 3–5 withdrawals, or (*iv*) 6 or more withdrawals on average per month. In line with Allen et al. (2016), we qualified the frequent use of an account using a dummy equal 1 if funds are withdrawn at least three times during a month, and 0 otherwise.

The estimations are reported in **Table 7**. We find that the coefficient of the interaction terms of interest are positive and significant in all estimations when explaining account use. Thus, beyond enhancing the simple ownership of a bank account, higher legal equality may empower women through greater management of their money.

## 5.3. Addressing endogeneity concerns

In the main estimations, we assumed that gendered laws are conditionally mean-independent, given the controls included in the initial specification. Nonetheless, even if we

were able to rule out the effect of unobserved time-invariant country heterogeneity and time-specific shocks using fixed effects, the decision to implement gendered laws may be highly correlated with unobservable country-level time variant factors that also affect financial inclusion. If this unobserved heterogeneity is not statistically accounted for, its effect will be captured by the variables measuring legal equality and inflate its statistical magnitude. Furthermore, greater access to financial services might induce a greater level of development in general which may also be reflected in more egalitarian legal frameworks. This endogeneity resulting from simultaneous effects might bias our main estimations.

To address endogeneity concerns, we first utilize an instrumental variable estimation of the WBL index using two different variables. The exclusion restriction underlying the use of an instrumental variable implies that it needs to be correlated with our dependent variables of interest, but must not have any direct effects on financial inclusion. Thus, selection of relevant variables is carefully made considering their prior use and reliability demonstrated in extant literature. First, the signature of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) has been used by Perrin and Bertrand (2022) to instrument the implementation of laws against discrimination in the credit market. The CEDAW is an international treaty adopted in 1979 by the United Nations General Assembly in order to eliminate discrimination against women in political and public life. The 99 States Parties committed themselves to being a society that promotes policies, laws, organizations, structures and attitudes that ensure women are guaranteed the same rights as men. Thus, this prior commitment is likely to affect the implementation of gendered laws in the present without direct consequence on financial inclusion. As such, the dummy *CEDAW* can be used as a conventional external instrument. Secondly, if one believes, like Merryman (1985, p. 2), that "the legal tradition relates the legal system to the culture of which it is a partial expression," then the origin of a country's legal framework may rely on characteristics of its informal institutions. Thus, unequal legal treatment of women may be the product of a conservative culture of patriarchy and the consolidation of power in men (Cherif, 2010). We capture the cultural dimensions that reflect differences in gender by using an index provided by the World Atlas of Linguistic Structures that indicates the intensity of gender marking in language (*Language*). Grammatical gender marking has been associated with a wide range of women's economic and social outcomes (see Mavisakalyan and Weber (2018) for a complete survey). Moreover, language's grammatical structure offers the advantage of being a stable feature inherited from the distant past, therefore ensuring the respect of the exclusion restriction.

The IV regression results are displayed in **Table 8**. The first-stage IV results (column 1) confirm a positive and significant relationship between the WBL index and each of the instruments. The F-statistic for the excluded instruments is significant at the 1% level and well above the minimum recommended level of 10. The over-identification test based on Hansen's J statistic implies that we cannot reject the null hypothesis that the instruments are valid. The second-stage IV results (columns (2), (3) and (4)) confirm that general equality in the law is strongly positively associated with women's access to financial products.

We provide additional controls for potential endogeneity using the lagged values of the explanatory variables to provide an additional way to avoid potential endogeneity problems. As our sample is composed of four waves of data, the use of lagged variables leads us to consider only the 2014, 2017 and 2021 waves, thus substantially reducing the size of the sample.

The results presented in **Table 9** indicate that our key finding is preserved: the coefficients for the interaction terms of interest are positive and significant. This provides support to our claims that endogeneity does not drive our results.

### 5.4. Country-level estimations

So far, we have performed estimations at the individual level as we link the gender of the individual with her/his level of financial inclusion. We only focused on the beneficial effect of gendered laws on women's financial inclusion. However, one may argue that improvements in gender-related legislation may be part of a global institutional enhancement that could benefit men too. We should therefore verify that the legal framework contributes to decreasing the gender gap in financial inclusion at the national level. To this end, we perform our estimations using the Global Findex country-level data. We measure the gender gap in access to financial services by considering the ratio of the percentage of women having a bank account to the percentage of men with access to formal account (*Female to male ratio*). The higher the ratio, the lower the gender gap in account ownership. We alternatively test the correlation of each of the eight WBL indicators on this aggregate financial inclusion measure. We include the three country-specific control variables formerly used in the individual-level estimations: the logarithmic value of the GDP per capita (*lnGDPpercapita*), the share of domestic credit to the private sector (*Domesticcredit*) and the natural logarithm of inflation (*lnInflation*).

The results of the country-level regressions are reported in **Table 10**. While our sample size, and, therefore, our statistical power, is much reduced, we find that a greater egality in

laws related to freedom of movement (*Mobility*), rights to work (*Workplace*), to own property and inherit assets (*Assets*) all contribute to the reduction of the gender gap in all estimations. Moreover, the aggregate level of legal equality (captured by *WBL index*), is associated with a greater financial inclusion for women. Thus, these results provide support for our main findings that, *ceteris paribus*, law is an effective institutional tool to reduce the gender gap in financial inclusion.

### 5.5. Subsample analysis

Individuals presenting higher socio-economic status have strong motivations and adequate capacity to participate in the formal financial market (Demirgüç-Kunt and Klapper, 2013), making the role of the legal framework less prominent. Therefore, people with higher income are less likely to be affected by a country's women-friendly legal environment in making financial decisions, in the sense that their individual characteristics already allow them to meet the basic requirements to access financial services.

Thus, in order to account for such potential heterogeneous effects of the law, we divide our data set into different subsamples given individuals' level of income. The results of the subsample analyses are presented in **Table 11.** Columns (1) and (2) corroborate the view that gendered laws exert a greater influence on individuals with lower socio-economic statuses, i.e., lower income.

## 6. Concluding remarks

Achieving gender equality in financial inclusion is an important way of unlocking resources for economic empowerment and fostering growth, by enhancing access to economic opportunity for a wide segment of society. Despite the notable progress made, women still face several constraints that impede, inter alia, their economic opportunities, including access to financial services. The constraints that impede women's access to financial services can emanate from both the demand and supply sides. As regards the former, it is possible that women anticipate legal discrimination that would restrict their financial possibilities. They might also encounter difficulties in providing immovable collateral, further exacerbating the challenges. On the supply side, traditional gender roles that may be reflected by adverse legal frameworks may encourage financial service providers to adopt discriminatory behaviors. Thus, law is of particular relevance when investigating the potential drivers of women's financial exclusion.

Our paper supports the claim that ensuring gender equality in the law may be an effective way to increase women's financial inclusion. Nonetheless, adverse social norms mitigate the beneficial effect of legal reforms. Thus, strong legal enforcement is a necessary condition to create a convergence between de jure and de facto female empowerment. From the supply side, we find evidence that legal equality is associated with a decrease in the likelihood that a woman does not open a bank account due to lack of documentation and because a member of her family already has one, thus improving her autonomy. Therefore, laws may be effective in addressing involuntary financial exclusion.

Such findings are highly relevant for those responsible for designing laws and policies. The removal of discriminatory legal provisions, particularly those affecting asset ownership, can have significant direct and indirect consequences for women's financial inclusion. Of course, legal frameworks are just one of the wide range of institutional factors that may affect women's access to financial services. Our results show that norms and effective legal enforcement matter too. But, while norms may be slow to change, undertaking reforms to achieve legal gender equality is actionable in the short term. Furthermore, it has been shown to be associated with a large range of other positive economic outcomes.[9]

Our analysis is not without limitations. It does matter who in the household benefits from the financial services. One may argue that beyond access to financial services, women may not have full control of the use of their bank account – therefore keeping women away from empowerment. However, the data used in this study do not allow us to capture the degree of control that women have over their money. Thus, more research is needed to better understand the beneficial effects of gendered laws in the use of financial services and to identify new products, processes, and technology that can expand and deepen the financial inclusion of women.

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[9] Roy (2019).

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# Table 1. Descriptive statistics

This table provides descriptive statistics for the variables used in the study. Panel A displays a test of difference in the mean of our individual-level variables given the value of *Female* (*Men* vs. *Women*). We test the mean difference with a Student t-test. Panel B presents country-level variables *, **, and *** denote a difference significantly different from 0 at the 10%, 5%, and 1% levels, respectively. See Appendix A for definitions of the variables

| Panel A | Men | | | Women | | | All | |
|---|---|---|---|---|---|---|---|---|
| | N | Mean | Std. Dev. | N | Mean | Std. Dev. | Mean Diff. Test | N |
| *Dependent variables* | | | | | | | | |
| Account | 217,592 | 0.636 | 0.481 | 251,980 | 0.574 | 0.495 | 0.063*** | 469,272 |
| *Individual-level controls* | | | | | | | | |
| Primary or less | 217,592 | 0.302 | 0.459 | 251,980 | 0.350 | 0.477 | -0.048*** | 469,272 |
| Secondary | 217,592 | 0.518 | 0.500 | 251,980 | 0.484 | 0.500 | 0.035*** | 469,272 |
| Tertiary or more | 217,592 | 0.178 | 0.382 | 251,980 | 0.165 | 0.371 | 0.013*** | 469,272 |
| Income Q1 | 217,592 | 0.152 | 0.359 | 251,980 | 0.178 | 0.383 | -0.026*** | 469,272 |
| Income Q2 | 217,592 | 0.165 | 0.372 | 251,980 | 0.188 | 0.390 | -0.022*** | 469,272 |
| Income Q3 | 217,592 | 0.187 | 0.390 | 251,980 | 0.199 | 0.399 | -0.012*** | 469,272 |
| Income Q4 | 217,592 | 0.216 | 0.411 | 251,980 | 0.210 | 0.407 | 0.006*** | 469,272 |
| Income Q5 | 217,592 | 0.280 | 0.449 | 251,980 | 0.225 | 0.418 | 0.055*** | 469,272 |
| Age | 217,592 | 41.105 | 17.421 | 251,980 | 41.769 | 17.679 | -0.664*** | 469,272 |
| *Financial exclusion variables* | | | | | | | | |
| Too far away | 113,523 | 0.329 | 0.47 | 143,157 | 0.325 | 0.468 | -0.020*** | 256,680 |
| Too expensive | 86,248 | 0.224 | 0.417 | 114,575 | 0.214 | 0.41 | -0.024*** | 200,823 |
| Lack of documentation | 85,282 | 0.203 | 0.402 | 112,98 | 0.185 | 0.389 | -0.017*** | 198,262 |
| Lack of trust | 86,050 | 0.073 | 0.259 | 114,321 | 0.063 | 0.247 | -0.039*** | 200,371 |
| Lack of money | 86,641 | 0.679 | 0.467 | 79,047 | 0.309 | 0.462 | -0.015*** | 202,083 |
| Religious reasons | 57,392 | 0.311 | 0.463 | 28,63 | 0.224 | 0.417 | 0.013*** | 136,439 |
| Cannot get one | 22,395 | 0.229 | 0.421 | 114,099 | 0.196 | 0.397 | 0.027*** | 51,025 |
| No need for financial services | 85,733 | 0.156 | 0.363 | 79,047 | 0.309 | 0.462 | -0.016*** | 199,832 |
| *Alternative dependent variable* | | | | | | | | |
| Withdrawals | 32,835 | 1.709 | 0.714 | 33,023 | 1.702 | 0.740 | -0.007 | |

| Panel B | N | | Mean | | Std. Dev. | | Min | Max |
|---|---|---|---|---|---|---|---|---|
| *Legal environment variables* | | | | | | | | |
| WBL index | 469,272 | | 75.575 | | 17.764 | | 26.25 | 100 |

| | | | | | |
|---|---|---|---|---|---|
| Mobility | 469,272 | 88.711 | 23.417 | 0 | 100 |
| Workplace | 469,272 | 80.128 | 30.109 | 0 | 100 |
| Pay | 469,272 | 60.93 | 32.323 | 0 | 100 |
| Marriage | 469,272 | 77.951 | 28.701 | 0 | 100 |
| Parenthood | 469,272 | 57.5545 | 31.541 | 0 | 100 |
| Entrepreneurship | 469,272 | 85.059 | 14.759 | 0 | 100 |
| Asset | 469,272 | 84.148 | 24.07 | 0 | 100 |
| Pension | 469,272 | 70.1167 | 26.573 | 0 | 100 |
| ROL | 469,272 | -0.003 | 0.929 | -1.923 | 2.125 |
| *Macroeconomic variables* | | | | | |
| Lniflation | 469,272 | 1.205 | 0.955 | -2.922 | 4.591 |
| lnGDPpercapita | 469,272 | 8.644 | 1.347 | 5.755 | 11.582 |
| Financialsystemdeposits | 469,272 | 59.111 | 50.529 | 5.581 | 402.941 |
| *Cultural and religious variables* | | | | | |
| Equality | 220,968 | 0.522 | 0.131 | 0.261 | 0.888 |
| Catholic | 459,464 | 0.383 | 0.486 | 0 | 1 |
| Protestant | 459,464 | 0.140 | 0.347 | 0 | 1 |
| Muslim | 459,464 | 0.382 | 0.486 | 0 | 1 |
| Buddhist | 459,464 | 0.095 | 0.293 | 0 | 1 |
| Power Distance | 263,315 | 67.567 | 20.528 | 11 | 104 |
| Individualism | 263,315 | 37.838 | 20.641 | 6 | 91 |
| Masculinity | 263,315 | 48.43 | 18.249 | 5 | 110 |
| Uncertainty Avoidance | 263,315 | 71.385 | 21.935 | 13 | 112 |
| Long Term Orientation | 262,954 | 24.318 | 3.526 | 24.318 | 3.526 |
| Indulgence | 258,978 | 20.527 | 0 | 20.527 | 0 |
| *Instruments* | | | | | |
| Maputo | 99,505 | 0.809 | 0.393 | 0 | 1 |
| Language | 253,888 | 2.42 | 1.715 | 0 | 4 |
| CEDAW | 418,751 | 0.627 | 0.484 | 0 | 1 |

## Table 2. Main results

This table presents the results of the LPM estimations examining the link between gendered laws and women's financial inclusion. The dependent variable is *Account*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| Female * WBL indicator | 0.00102*** | 0.000557*** | 0.000691*** | 0.000916*** | 0.000766*** | 0.00129*** | 0.00128*** | 0.000302 | 0.00181*** |
| | (0.000262) | (0.000192) | (0.000130) | (0.000222) | (0.000152) | (0.000367) | (0.000284) | (0.000209) | (0.000284) |
| Female | -0.140*** | -0.0939*** | -0.0912*** | -0.121*** | -0.0933*** | -0.159*** | -0.157*** | -0.0703*** | -0.186*** |
| | (0.0241) | (0.0167) | (0.0111) | (0.0205) | (0.0107) | (0.0319) | (0.0264) | (0.0176) | (0.0238) |
| WBL indicator | 0.000317 | 0.000744** | 0.000726 | -0.000650 | 0.000456 | -0.000683 | 0.00192** | -0.00128*** | 0.00197 |
| | (0.000665) | (0.000329) | (0.000440) | (0.000704) | (0.000807) | (0.000955) | (0.000897) | (0.000458) | (0.00126) |
| Age | 0.00175*** | 0.00176*** | 0.00175*** | 0.00174*** | 0.00174*** | 0.00175*** | 0.00173*** | 0.00176*** | 0.00173*** |
| | (0.000256) | (0.000255) | (0.000256) | (0.000254) | (0.000256) | (0.000257) | (0.000253) | (0.000256) | (0.000256) |
| Primary or less | -0.264*** | -0.264*** | -0.264*** | -0.263*** | -0.263*** | -0.264*** | -0.263*** | -0.265*** | -0.263*** |
| | (0.0131) | (0.0132) | (0.0132) | (0.0131) | (0.0132) | (0.0132) | (0.0131) | (0.0131) | (0.0132) |
| Secondary | -0.108*** | -0.109*** | -0.108*** | -0.108*** | -0.108*** | -0.108*** | -0.108*** | -0.109*** | -0.108*** |
| | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) |
| IncomeQ1 | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.152*** |
| | (0.00873) | (0.00873) | (0.00874) | (0.00874) | (0.00870) | (0.00874) | (0.00874) | (0.00877) | (0.00874) |
| IncomeQ2 | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.116*** | -0.117*** | -0.116*** | -0.117*** |
| | (0.00709) | (0.00708) | (0.00708) | (0.00711) | (0.00707) | (0.00709) | (0.00711) | (0.00710) | (0.00709) |
| IncomeQ3 | -0.0876*** | -0.0876*** | -0.0876*** | -0.0878*** | -0.0876*** | -0.0875*** | -0.0880*** | -0.0873*** | -0.0880*** |
| | (0.00552) | (0.00553) | (0.00553) | (0.00553) | (0.00551) | (0.00552) | (0.00553) | (0.00553) | (0.00553) |
| IncomeQ4 | -0.608 | -0.513 | -0.519 | -0.563 | -0.529 | -0.545 | -0.636 | -0.582 | -0.553 |
| | (0.482) | (0.470) | (0.457) | (0.482) | (0.443) | (0.486) | (0.481) | (0.482) | (0.461) |
| Lninflation | -0.00534 | -0.00381 | -0.00481 | -0.00585 | -0.00493 | -0.00554 | -0.00606 | -0.00504 | -0.00417 |
| | (0.00546) | (0.00530) | (0.00517) | (0.00556) | (0.00533) | (0.00540) | (0.00545) | (0.00543) | (0.00516) |
| LnGDPpercapita | 0.154** | 0.132* | 0.140* | 0.150* | 0.139** | 0.150* | 0.148* | 0.152* | 0.139* |
| | (0.0776) | (0.0753) | (0.0733) | (0.0776) | (0.0700) | (0.0778) | (0.0776) | (0.0776) | (0.0727) |
| Financialsystemdeposits | -0.000289 | -0.000231 | -0.000363 | -0.000327 | -0.000343 | -0.000327 | -0.000395 | -0.000268 | -0.000321 |
| | (0.000450) | (0.000404) | (0.000438) | (0.000453) | (0.000460) | (0.000454) | (0.000461) | (0.000433) | (0.000435) |
| Constant | -0.608 | -0.513 | -0.519 | -0.563 | -0.529 | -0.545 | -0.636 | -0.582 | -0.553 |
| | (0.482) | (0.470) | (0.457) | (0.482) | (0.443) | (0.486) | (0.481) | (0.482) | (0.461) |
| Observations | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 |

## Table 3. Social norms

This table presents the results of the LPM estimations examining the mitigating effect exerted by social norms in the investigation of the link between gendered laws and women's financial inclusion. The dependent variable is *Account*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| Female * WBL indicator * Negative Attitudes | -0.00140 | -0.00347 | -0.000339 | 0.000657 | -0.00122 | -0.00311 | -0.00291 | -0.00472* | -0.00191 |
| | (0.00361) | (0.00276) | (0.00210) | (0.00340) | (0.00205) | (0.00454) | (0.00373) | (0.00238) | (0.00368) |
| Negative Attitudes * Female | 0.151 | -0.597 | -0.0824 | -0.695 | 0.404 | 0.188 | -0.606 | 0.348 | 0.909 |
| | (0.429) | (0.403) | (0.368) | (0.533) | (0.364) | (0.527) | (0.873) | (0.347) | (0.673) |
| Negative Attitudes * WBL indicator | -0.00592 | 0.00206 | -0.00598 | 0.00396 | -0.0135*** | -0.00731 | 0.00292 | -0.0120** | -0.0163** |
| | (0.00520) | (0.00376) | (0.00427) | (0.00604) | (0.00501) | (0.00613) | (0.00959) | (0.00476) | (0.00780) |
| Female * WBL indicator | 0.00125 | 0.00164 | 0.000220 | 0.000580 | 0.000944 | 0.00212 | 0.00260 | 0.00279** | 0.00276 |
| | (0.00159) | (0.00137) | (0.00123) | (0.00147) | (0.00120) | (0.00298) | (0.00173) | (0.00138) | (0.00199) |
| Negative Attitudes | 0.297 | -0.467 | -0.0708 | -0.642 | 0.454 | 0.350 | -0.373 | 0.549* | 1.118 |
| | (0.396) | (0.389) | (0.366) | (0.536) | (0.371) | (0.492) | (0.862) | (0.324) | (0.707) |
| Female | -0.135*** | -0.176*** | -0.169*** | -0.122*** | -0.157*** | -0.164*** | -0.110*** | -0.167*** | -0.0905* |
| | (0.0465) | (0.0471) | (0.0522) | (0.0353) | (0.0469) | (0.0465) | (0.0395) | (0.0425) | (0.0485) |
| WBL indicator | 0.00333 | -0.000257 | 0.00329* | -0.00387 | 0.00796*** | 0.00406 | 0.00184 | 0.00510** | 0.00824** |
| | (0.00229) | (0.00155) | (0.00170) | (0.00333) | (0.00260) | (0.00312) | (0.00322) | (0.00232) | (0.00363) |
| Age | 0.00187*** | 0.00187*** | 0.00187*** | 0.00187*** | 0.00187*** | 0.00187*** | 0.00186*** | 0.00187*** | 0.00186*** |
| | (0.000427) | (0.000428) | (0.000427) | (0.000425) | (0.000428) | (0.000428) | (0.000423) | (0.000429) | (0.000427) |
| Primary or less | -0.276*** | -0.276*** | -0.276*** | -0.276*** | -0.276*** | -0.275*** | -0.275*** | -0.276*** | -0.275*** |
| | (0.0175) | (0.0174) | (0.0174) | (0.0174) | (0.0174) | (0.0174) | (0.0174) | (0.0175) | (0.0174) |
| Secondary | -0.124*** | -0.124*** | -0.124*** | -0.124*** | -0.123*** | -0.123*** | -0.123*** | -0.124*** | -0.123*** |
| | (0.0152) | (0.0151) | (0.0152) | (0.0151) | (0.0151) | (0.0151) | (0.0152) | (0.0152) | (0.0151) |
| IncomeQ1 | -0.171*** | -0.171*** | -0.171*** | -0.171*** | -0.171*** | -0.171*** | -0.171*** | -0.171*** | -0.172*** |
| | (0.0131) | (0.0131) | (0.0131) | (0.0130) | (0.0131) | (0.0131) | (0.0131) | (0.0131) | (0.0131) |
| IncomeQ2 | -0.132*** | -0.132*** | -0.132*** | -0.132*** | -0.132*** | -0.132*** | -0.132*** | -0.132*** | -0.132*** |
| | (0.0103) | (0.0104) | (0.0103) | (0.0103) | (0.0103) | (0.0103) | (0.0103) | (0.0103) | (0.0103) |
| IncomeQ3 | -0.0959*** | -0.0958*** | -0.0958*** | -0.0959*** | -0.0959*** | -0.0958*** | -0.0961*** | -0.0959*** | -0.0961*** |
| | (0.00787) | (0.00789) | (0.00790) | (0.00786) | (0.00786) | (0.00788) | (0.00786) | (0.00788) | (0.00785) |
| IncomeQ4 | -0.0575*** | -0.0575*** | -0.0574*** | -0.0575*** | -0.0575*** | -0.0575*** | -0.0577*** | -0.0575*** | -0.0576*** |
| | (0.00631) | (0.00634) | (0.00634) | (0.00632) | (0.00630) | (0.00633) | (0.00630) | (0.00633) | (0.00631) |
| Lninflation | -0.00190 | -0.00289 | 0.000768 | -0.00129 | 0.000207 | -0.000927 | -0.00224 | 0.000716 | -0.000877 |
| | (0.00791) | (0.00778) | (0.00734) | (0.00716) | (0.00685) | (0.00757) | (0.00766) | (0.00901) | (0.00746) |
| LnGDPpercapita | 0.198* | 0.182 | 0.177 | 0.168 | 0.181* | 0.185 | 0.191 | 0.195* | 0.203* |
| | (0.118) | (0.113) | (0.108) | (0.108) | (0.105) | (0.114) | (0.115) | (0.106) | (0.114) |
| Financialsystemdeposits | -0.00106 | -0.00109 | -0.000970 | -0.00105 | -0.00109 | -0.00107 | -0.00106 | -0.00139 | -0.00122 |
| | (0.00103) | (0.00103) | (0.000940) | (0.00101) | (0.00104) | (0.000980) | (0.000981) | (0.00101) | (0.000991) |
| Constant | -1.121 | -0.631 | -0.864 | -0.272 | -1.178 | -0.984 | -0.922 | -1.084 | -1.447 |
| | (1.060) | (0.989) | (0.967) | (0.971) | (0.922) | (1.092) | (1.101) | (0.912) | (1.078) |
| Observations | 222,483 | 222,483 | 222,483 | 222,483 | 222,483 | 222,483 | 222,483 | 222,483 | 222,483 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.338 | 0.338 | 0.338 | 0.338 | 0.339 | 0.338 | 0.339 | 0.339 | 0.339 |

# Table 4. Legal enforcement

This table presents the results of the LPM estimations examining the mitigating effect exerted by legal enforcement in the investigation of the link between gendered laws and women's financial inclusion. The dependent variable is *Account*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| Female * WBL indicator * ROL | 0.000989*** | 0.000669*** | 0.000373** | 0.000794*** | 0.000239 | 0.000672* | 0.000995*** | 0.000145 | 0.000873*** |
| | (0.000160) | (0.000217) | (0.000171) | (0.000173) | (0.000174) | (0.000351) | (0.000307) | (0.000190) | (0.000236) |
| ROL * Female | -0.0759*** | -0.0407* | -0.0140 | -0.0550*** | -0.00264 | -0.0451 | -0.0807*** | 0.00881 | -0.0680*** |
| | (0.0154) | (0.0212) | (0.0153) | (0.0168) | (0.0129) | (0.0333) | (0.0302) | (0.0170) | (0.0210) |
| ROL * WBL indicator | 0.00115 | -6.72e-05 | -0.000355 | -0.00120** | -0.00219*** | -0.000653 | 0.000431 | -0.000456 | 0.00183*** |
| | (0.00102) | (0.000611) | (0.000625) | (0.000577) | (0.000465) | (0.00148) | (0.00146) | (0.000474) | (0.000327) |
| Female * WBL indicator | 0.00122*** | 0.000587** | 0.000565*** | 0.00107*** | 0.000607*** | 0.00107*** | 0.00154*** | 0.000104 | -0.00213 |
| | (0.000233) | (0.000232) | (0.000156) | (0.000243) | (0.000188) | (0.000396) | (0.000330) | (0.000189) | (0.00141) |
| ROL | -0.0740 | 0.0309 | 0.0579 | 0.118* | 0.148*** | 0.0817 | -0.00833 | 0.0527 | 0.195* |
| | (0.0992) | (0.0636) | (0.0537) | (0.0602) | (0.0440) | (0.134) | (0.134) | (0.0484) | (0.114) |
| Female | -0.163*** | -0.102*** | -0.0883*** | -0.140*** | -0.0870*** | -0.144*** | -0.187*** | -0.0575*** | -0.195*** |
| | (0.0214) | (0.0211) | (0.0131) | (0.0230) | (0.0123) | (0.0345) | (0.0315) | (0.0160) | (0.0268) |
| WBL indicator | 0.00146 | 0.000896 | 0.000832* | -0.00104 | 0.000958 | -0.000740 | 0.00238** | -0.00114*** | 0.00115 |
| | (0.000903) | (0.000592) | (0.000455) | (0.000680) | (0.000724) | (0.00120) | (0.00120) | (0.000428) | (0.00159) |
| Age | 0.00174*** | 0.00174*** | 0.00174*** | 0.00173*** | 0.00174*** | 0.00173*** | 0.00172*** | 0.00174*** | 0.00173*** |
| | (0.000256) | (0.000255) | (0.000256) | (0.000255) | (0.000256) | (0.000256) | (0.000254) | (0.000256) | (0.000256) |
| Primary or less | -0.264*** | -0.263*** | -0.264*** | -0.263*** | -0.264*** | -0.264*** | -0.263*** | -0.264*** | -0.263*** |
| | (0.0132) | (0.0132) | (0.0131) | (0.0131) | (0.0131) | (0.0132) | (0.0131) | (0.0132) | (0.0132) |
| Secondary | -0.109*** | -0.109*** | -0.108*** | -0.108*** | -0.109*** | -0.109*** | -0.108*** | -0.109*** | -0.108*** |
| | (0.0108) | (0.0108) | (0.0108) | (0.0107) | (0.0107) | (0.0108) | (0.0108) | (0.0108) | (0.0108) |
| IncomeQ1 | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.152*** |
| | (0.00872) | (0.00872) | (0.00873) | (0.00873) | (0.00868) | (0.00873) | (0.00873) | (0.00875) | (0.00873) |
| IncomeQ2 | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** |
| | (0.00707) | (0.00706) | (0.00708) | (0.00709) | (0.00706) | (0.00707) | (0.00710) | (0.00708) | (0.00707) |
| IncomeQ3 | -0.0874*** | -0.0876*** | -0.0876*** | -0.0878*** | -0.0875*** | -0.0875*** | -0.0878*** | -0.0875*** | -0.0879*** |
| | (0.00551) | (0.00552) | (0.00552) | (0.00553) | (0.00550) | (0.00551) | (0.00552) | (0.00552) | (0.00552) |
| IncomeQ4 | -0.0527*** | -0.0529*** | -0.0528*** | -0.0530*** | -0.0528*** | -0.0527*** | -0.0530*** | -0.0527*** | -0.0530*** |
| | (0.00409) | (0.00410) | (0.00412) | (0.00410) | (0.00409) | (0.00411) | (0.00411) | (0.00410) | (0.00410) |
| Lninflation | -0.00372 | -0.00273 | -0.00328 | -0.00527 | -0.00512 | -0.00449 | -0.00474 | -0.00385 | -0.00334 |
| | (0.00553) | (0.00517) | (0.00496) | (0.00553) | (0.00492) | (0.00543) | (0.00550) | (0.00555) | (0.00506) |
| LnGDPpercapita | 0.141* | 0.116 | 0.120 | 0.139* | 0.135** | 0.135* | 0.135* | 0.134* | 0.124 |
| | (0.0805) | (0.0762) | (0.0761) | (0.0788) | (0.0596) | (0.0807) | (0.0809) | (0.0810) | (0.0756) |
| Financialsystemdeposits | -0.000269 | -0.000227 | -0.000355 | -0.000252 | -0.000247 | -0.000317 | -0.000438 | -0.000272 | -0.000263 |
| | (0.000456) | (0.000401) | (0.000443) | (0.000463) | (0.000384) | (0.000459) | (0.000438) | (0.000438) | (0.000444) |
| Constant | -0.655 | -0.378 | -0.314 | -0.354 | -0.339 | -0.389 | -0.581 | -0.400 | -0.254 |
| | (0.521) | (0.493) | (0.498) | (0.510) | (0.385) | (0.531) | (0.535) | (0.519) | (0.530) |
| Observations | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 | 469,272 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.401 | 0.401 | 0.400 | 0.401 | 0.401 | 0.400 | 0.401 | 0.400 | 0.401 |

## Table 5. Investigating the channels

This table presents the results of the LPM estimations examining the effect of gender equality in law on motives for women's financial exclusion. The dependent variable is *Account*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Too far away | Too expensive | Lack of documentation | Lack of trust | Lack of money | Religious reasons | Family member has one | Cannot get one | No need for financial services |
| Female * WBL index | -0.000161 | -0.000240 | -0.000801* | -0.000180 | 0.000639*** | -1.43e-05 | -0.000930*** | -0.000631 | 0.000228 |
| | (0.000216) | (0.000207) | (0.000431) | (0.000156) | (0.000223) | (0.000138) | (0.000330) | (0.000456) | (0.000245) |
| WBL index | 0.000723 | -0.000970 | 0.00110 | 0.000310 | 0.00394** | -9.53e-05 | 0.00119 | -0.00225*** | 0.00256* |
| | (0.00197) | (0.00192) | (0.00137) | (0.00135) | (0.00171) | (0.000924) | (0.00125) | (0.000260) | (0.00144) |
| Female | 9.90e-05 | 0.00427 | 0.0487 | -0.0105 | -0.0346** | -0.00530 | 0.0924*** | 0.0458 | -0.0326* |
| | (0.0159) | (0.0151) | (0.0328) | (0.0111) | (0.0165) | (0.0102) | (0.0246) | (0.0337) | (0.0178) |
| Age | 0.000448*** | 0.000514*** | -0.00283*** | 0.000861*** | 0.000686*** | 0.000250*** | -0.00184*** | -0.00129*** | -0.000317** |
| | (0.000160) | (0.000160) | (0.000145) | (0.000156) | (0.000148) | (8.67e-05) | (0.000194) | (0.000157) | (0.000138) |
| Primary or less | 0.0822*** | -0.0568*** | 0.0980*** | -0.0201** | 0.0499*** | 0.0204*** | -0.0465*** | 0.0711*** | -0.0162* |
| | (0.00918) | (0.0158) | (0.00848) | (0.00770) | (0.00974) | (0.00458) | (0.00965) | (0.00935) | (0.00924) |
| Secondary | 0.0299*** | -0.0762*** | 0.0531*** | -0.0127** | 0.0348*** | 0.00469 | -0.0193** | 0.0359*** | -0.0131 |
| | (0.00749) | (0.0124) | (0.00718) | (0.00633) | (0.00871) | (0.00345) | (0.00741) | (0.00824) | (0.00899) |
| IncomeQ1 | 0.0738*** | 0.0398*** | 0.0235*** | 0.00137 | 0.130*** | 0.00379 | -0.0955*** | 0.0510*** | -0.0420*** |
| | (0.00663) | (0.00818) | (0.00489) | (0.00445) | (0.0102) | (0.00315) | (0.00902) | (0.00989) | (0.00733) |
| IncomeQ2 | 0.0560*** | 0.0332*** | 0.0217*** | 0.00320 | 0.114*** | 0.00104 | -0.0712*** | 0.0329*** | -0.0273*** |
| | (0.00584) | (0.00731) | (0.00508) | (0.00434) | (0.00881) | (0.00261) | (0.00700) | (0.0101) | (0.00604) |
| IncomeQ3 | 0.0403*** | 0.0183*** | 0.0135*** | 0.00360 | 0.0911*** | 0.000865 | -0.0514*** | 0.0282*** | -0.0242*** |
| | (0.00494) | (0.00590) | (0.00448) | (0.00421) | (0.00653) | (0.00279) | (0.00556) | (0.00920) | (0.00543) |
| IncomeQ4 | 0.0220*** | 0.00835 | 0.00969** | 0.000930 | 0.0545*** | -0.00126 | -0.0270*** | 0.0205*** | -0.0122** |
| | (0.00414) | (0.00515) | (0.00432) | (0.00404) | (0.00532) | (0.00251) | (0.00432) | (0.00720) | (0.00519) |
| Lninflation | -0.00965 | -0.0152 | -0.00605 | 0.00392 | -0.00933 | 0.00250 | -0.00458 | -0.0868*** | -0.00575 |
| | (0.0109) | (0.00987) | (0.00664) | (0.00603) | (0.00819) | (0.00486) | (0.00708) | (0.00275) | (0.00544) |
| LnGDPpercapita | 0.0477 | 0.0199 | 0.0730 | -0.00193 | -0.182* | 0.0145 | 0.0594 | -0.0996*** | -0.144 |
| | (0.0735) | (0.0689) | (0.0528) | (0.0626) | (0.0928) | (0.0293) | (0.0616) | (0.00229) | (0.0993) |
| Financialsystemdeposits | 0.000973*** | 7.12e-05 | 0.000585* | 0.000437 | 0.000261 | 0.000256 | 0.000484** | 0.00630*** | -0.000575 |
| | (0.000337) | (0.000483) | (0.000352) | (0.000459) | (0.000394) | (0.000198) | (0.000243) | (4.51e-05) | (0.000708) |
| Constant | -0.0309 | 0.301 | -0.188 | 0.297 | 1.593*** | 0.127 | -0.152 | 1.063*** | 1.267** |
| | (0.455) | (0.435) | (0.329) | (0.392) | (0.581) | (0.181) | (0.387) | (0.0221) | (0.627) |
| Observations | 149,123 | 256,680 | 200,823 | 198,262 | 202,083 | 200,371 | 199,832 | 51,025 | 136,439 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.076 | 0.106 | 0.068 | 0.063 | 0.081 | 0.041 | 0.137 | 0.088 | 0.101 |

## Table 6. Additional controls

This table presents the results of the LPM estimations examining the effect of gender equality in law on women's financial inclusion. The dependent variable is Account. Hofstede cultural dimensions are considered in Column (1). We include religion variables in Column (2). Finally, we put both in Column (3). This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

|  | (1) | (2) | (3) |
|---|---|---|---|
| Female * WBL index | 0.00210*** | 0.00179*** | 0.00210*** |
|  | (0.000115) | (0.000290) | (0.000574) |
| Power Distance | 0.101*** |  | 0.0604*** |
|  | (0.00673) |  | (0.0180) |
| Individualism | 0.0200*** |  | 0.00159 |
|  | (0.000888) |  | (0.00924) |
| Masculinity | -0.00861*** |  | -0.0168*** |
|  | (0.000944) |  | (0.00613) |
| Uncertainty Avoidance | -0.0113*** |  | 0.00562** |
|  | (0.00100) |  | (0.00278) |
| Long Term Orientation | -0.0100*** |  | -0.0173*** |
|  | (0.00127) |  | (0.00437) |
| Muslim |  | 0.217*** | 0.0173 |
|  |  | (0.0517) | (0.0268) |
| Catholic |  | 0.216*** | -0.818*** |
|  |  | (0.0450) | (0.0771) |
| Protestant |  | 0.254* | 1.011 |
|  |  | (0.136) | (0.641) |
| Constant | -9.124*** | -0.820 | -4.293** |
|  | (0.584) | (0.595) | (1.664) |
| Observations | 238,045 | 459,464 | 238,045 |
| Individual controls | Yes | Yes | Yes |
| Country controls | Yes | Yes | Yes |
| Cluster | Country | Country | Country |
| Country dummies | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes |
| Adjusted R2 | 0.370 | 0.401 | 0.370 |

## Table 7. Alternative dependent variable

This table presents the results of the LPM estimations examining the link between gendered laws and women's financial inclusion. The dependent variable is *Withdrawals*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| Female * WBL indicator | 0.0278*** | 0.00526** | 0.00575** | 0.00174 | -0.00721 | 0.0155*** | 0.0369*** | 0.0139* | 0.0181* |
| | (0.0103) | (0.00256) | (0.00226) | (0.00592) | (0.00737) | (0.00517) | (0.00375) | (0.00717) | (0.0104) |
| Female | 0.0353 | 0.0169 | 0.0141 | 0.0351* | 0.0143 | 0.0513 | 0.0534* | 0.00506 | 0.0461 |
| | (0.0340) | (0.0147) | (0.0135) | (0.0204) | (0.0141) | (0.0329) | (0.0279) | (0.0151) | (0.0309) |
| WBL indicator | -0.00113*** | -0.00117*** | -0.00113*** | -0.00114*** | -0.00114*** | -0.00115*** | -0.00113*** | -0.00113*** | -0.00114*** |
| | (0.000282) | (0.000281) | (0.000282) | (0.000282) | (0.000279) | (0.000281) | (0.000282) | (0.000278) | (0.000281) |
| Age | 0.0415** | 0.0443** | 0.0414** | 0.0421** | 0.0421** | 0.0406** | 0.0409** | 0.0400** | 0.0423** |
| | (0.0192) | (0.0193) | (0.0192) | (0.0192) | (0.0194) | (0.0191) | (0.0192) | (0.0192) | (0.0191) |
| Primary or less | 0.0226 | 0.0215 | 0.0214 | 0.0220 | 0.0222 | 0.0213 | 0.0231 | 0.0208 | 0.0218 |
| | (0.0160) | (0.0159) | (0.0159) | (0.0160) | (0.0161) | (0.0159) | (0.0160) | (0.0162) | (0.0159) |
| Secondary | 0.0328* | 0.0325* | 0.0332* | 0.0336** | 0.0337** | 0.0334** | 0.0321* | 0.0323* | 0.0334** |
| | (0.0168) | (0.0168) | (0.0168) | (0.0169) | (0.0169) | (0.0168) | (0.0168) | (0.0171) | (0.0167) |
| IncomeQ1 | 0.0141 | 0.0142 | 0.0150 | 0.0150 | 0.0156 | 0.0147 | 0.0137 | 0.0139 | 0.0148 |
| | (0.0114) | (0.0115) | (0.0115) | (0.0115) | (0.0115) | (0.0114) | (0.0115) | (0.0114) | (0.0115) |
| IncomeQ2 | -0.00546 | -0.00494 | -0.00439 | -0.00473 | -0.00466 | -0.00454 | -0.00571 | -0.00478 | -0.00468 |
| | (0.00938) | (0.00948) | (0.00940) | (0.00942) | (0.00941) | (0.00942) | (0.00944) | (0.00945) | (0.00942) |
| IncomeQ3 | -0.0109 | -0.0105 | -0.0102 | -0.0103 | -0.0103 | -0.0102 | -0.0113 | -0.0108 | -0.0103 |
| | (0.00783) | (0.00785) | (0.00781) | (0.00785) | (0.00784) | (0.00784) | (0.00782) | (0.00781) | (0.00784) |
| IncomeQ4 | 0.232*** | 0.224*** | 0.230*** | 0.235*** | 0.221*** | 0.220*** | 0.230*** | 0.240*** | 0.232*** |
| | (0.0643) | (0.0637) | (0.0644) | (0.0681) | (0.0679) | (0.0646) | (0.0647) | (0.0575) | (0.0651) |
| Lninflation | 4.406*** | 3.886*** | 4.335*** | 4.395*** | 4.377*** | 4.500*** | 4.485*** | 4.314*** | 4.282*** |
| | (0.891) | (0.943) | (0.884) | (0.887) | (0.893) | (0.902) | (0.896) | (0.872) | (0.933) |
| LnGDPpercapita | -0.00645* | -0.00565* | -0.00658* | -0.00649* | -0.00651* | -0.00639* | -0.00645* | -0.00632* | -0.00632* |
| | (0.00336) | (0.00332) | (0.00333) | (0.00335) | (0.00346) | (0.00334) | (0.00333) | (0.00327) | (0.00332) |
| Financialsystemdeposits | 0.0353 | 0.0169 | 0.0141 | 0.0351* | 0.0143 | 0.0513 | 0.0534* | 0.00506 | 0.0461 |
| | (0.0340) | (0.0147) | (0.0135) | (0.0204) | (0.0141) | (0.0329) | (0.0279) | (0.0151) | (0.0309) |
| Constant | -25.83*** | -21.96*** | -24.67*** | -25.10*** | -24.79*** | -26.84*** | -27.09*** | -24.25*** | -24.63*** |
| | (5.607) | (5.875) | (5.519) | (5.555) | (5.586) | (5.832) | (5.693) | (5.456) | (5.661) |
| Observations | 176,077 | 176,077 | 176,077 | 176,077 | 176,077 | 176,077 | 176,077 | 176,077 | 176,077 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.377 | 0.378 | 0.377 | 0.377 | 0.377 | 0.377 | 0.379 | 0.381 | 0.377 |

## Table 8. Two-stage least-squares regression

This table presents the results of the generalized two-stage least-squares estimations examining the effect of gender equality in law on women's financial inclusion. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | Instruments = CEDAW and Language Gender Marking | |
|---|---|---|
| | (1) | (2) |
| | First stage | Account |
| WBL index | | 0.0133*** |
| | | (0.000203) |
| Female * WBL | | 0.00792*** |
| | | (0.000203) |
| Female | 0.0350 | -0.490*** |
| | (0.0305) | (0.0148) |
| Language | -25.40*** | |
| | (4.750) | |
| CEDAW | -8.403** | |
| | (6.448) | |
| Maputo | | |
| | | |
| Constant | 70.85** | -1.068*** |
| | (26.79) | (0.0147) |
| Observations | 228,133 | 228,133 |
| Individual controls | Yes | Yes |
| Country controls | Yes | Yes |
| Cluster | Country | Country |
| Country & Year dummies | Yes | Yes |
| F-test | 203.57*** | |
| Sargan test | | 631.751*** |

# Table 9. Lagged estimations

This table presents the results of the LPM estimations examining the link between gendered laws and women's financial inclusion. The dependent variable is *Account*. Explanatory legal variables are lagged by 3 years. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| Female * WBL indicator | 0.00102*** | 0.000557*** | 0.000692*** | 0.000916*** | 0.000764*** | 0.00129*** | 0.00128*** | 0.000301 | 0.00180*** |
| | (0.000262) | (0.000192) | (0.000130) | (0.000222) | (0.000152) | (0.000366) | (0.000283) | (0.000209) | (0.000283) |
| Female | -0.140*** | -0.0939*** | -0.0913*** | -0.121*** | -0.0932*** | -0.159*** | -0.157*** | -0.0703*** | -0.186*** |
| | (0.0241) | (0.0166) | (0.0111) | (0.0204) | (0.0107) | (0.0318) | (0.0263) | (0.0176) | (0.0238) |
| WBL indicator | 0.00175*** | 0.00176*** | 0.00175*** | 0.00174*** | 0.00174*** | 0.00175*** | 0.00173*** | 0.00176*** | 0.00173*** |
| | (0.000256) | (0.000255) | (0.000256) | (0.000254) | (0.000256) | (0.000257) | (0.000253) | (0.000256) | (0.000256) |
| Age | -0.264*** | -0.264*** | -0.264*** | -0.263*** | -0.263*** | -0.264*** | -0.263*** | -0.265*** | -0.263*** |
| | (0.0131) | (0.0132) | (0.0132) | (0.0131) | (0.0132) | (0.0132) | (0.0131) | (0.0131) | (0.0132) |
| Primary or less | -0.108*** | -0.109*** | -0.108*** | -0.108*** | -0.108*** | -0.108*** | -0.108*** | -0.109*** | -0.108*** |
| | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) | (0.0109) |
| Secondary | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.151*** | -0.152*** |
| | (0.00873) | (0.00873) | (0.00874) | (0.00874) | (0.00870) | (0.00874) | (0.00874) | (0.00877) | (0.00873) |
| IncomeQ1 | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.117*** | -0.116*** | -0.117*** |
| | (0.00709) | (0.00708) | (0.00708) | (0.00711) | (0.00707) | (0.00709) | (0.00711) | (0.00710) | (0.00708) |
| IncomeQ2 | -0.0876*** | -0.0876*** | -0.0876*** | -0.0878*** | -0.0876*** | -0.0875*** | -0.0880*** | -0.0874*** | -0.0880*** |
| | (0.00552) | (0.00553) | (0.00553) | (0.00553) | (0.00551) | (0.00552) | (0.00553) | (0.00553) | (0.00553) |
| IncomeQ3 | -0.0528*** | -0.0529*** | -0.0529*** | -0.0530*** | -0.0530*** | -0.0527*** | -0.0531*** | -0.0528*** | -0.0531*** |
| | (0.00410) | (0.00410) | (0.00412) | (0.00410) | (0.00410) | (0.00412) | (0.00411) | (0.00411) | (0.00411) |
| IncomeQ4 | -0.00536 | -0.00386 | -0.00483 | -0.00586 | -0.00499 | -0.00554 | -0.00597 | -0.00504 | -0.00435 |
| | (0.00546) | (0.00529) | (0.00517) | (0.00555) | (0.00533) | (0.00540) | (0.00543) | (0.00543) | (0.00518) |
| Lninflation | 0.153* | 0.133* | 0.140* | 0.150* | 0.140** | 0.150* | 0.148* | 0.152* | 0.140* |
| | (0.0776) | (0.0753) | (0.0734) | (0.0776) | (0.0704) | (0.0778) | (0.0776) | (0.0776) | (0.0733) |
| LnGDPpercapita | -0.000292 | -0.000235 | -0.000362 | -0.000326 | -0.000341 | -0.000328 | -0.000386 | -0.000270 | -0.000324 |
| | (0.000449) | (0.000405) | (0.000439) | (0.000454) | (0.000459) | (0.000454) | (0.000459) | (0.000433) | (0.000436) |
| Financialsystemdeposits | -0.140*** | -0.0939*** | -0.0913*** | -0.121*** | -0.0932*** | -0.159*** | -0.157*** | -0.0703*** | -0.186*** |
| | (0.0241) | (0.0166) | (0.0111) | (0.0204) | (0.0107) | (0.0318) | (0.0263) | (0.0176) | (0.0238) |
| Constant | -0.605 | -0.514 | -0.521 | -0.563 | -0.535 | -0.543 | -0.622 | -0.581 | -0.550 |
| | (0.482) | (0.470) | (0.457) | (0.482) | (0.445) | (0.485) | (0.481) | (0.482) | (0.464) |
| Observations | 469,269 | 469,269 | 469,269 | 469,269 | 469,269 | 469,269 | 469,269 | 469,269 | 469,269 |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country & Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.400 | 0.400 | 0.400 | 0.400 | 0.400 | 0.399 | 0.400 | 0.399 | 0.400 |

## Table 10. Country-level estimations

This table presents the results of the estimations examining the link between gendered laws and women's financial inclusion. The dependent variable is *Female to male ratio*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| | Mobility | Workplace | Pay | Marriage | Parenthood | Entrepreneurship | Assets | Pension | Aggregate index |
| WBL indicator | 0.0134*** | 0.00481** | -0.000958 | -0.000658 | -0.000658 | 0.00274 | 0.00806* | -0.00116 | 0.0108** |
| | (0.00177) | (0.00154) | (0.00211) | (0.00260) | (0.00260) | (0.00386) | (0.00720) | (0.00144) | (0.00728) |
| lninflation | -0.00671 | -0.00691 | -0.00809 | -0.00547 | -0.00720 | -0.00735 | -0.00730 | -0.00616 | -0.00671 |
| | (0.0117) | (0.0103) | (0.0110) | (0.0105) | (0.0104) | (0.0105) | (0.0104) | (0.0109) | (0.0117) |
| lnGDPpercapita | 0.00591 | -0.00850 | -0.00132 | -0.0354 | -0.00197 | -2.21e-05 | -0.000376 | -0.0108 | 0.00591 |
| | (0.127) | (0.121) | (0.124) | (0.125) | (0.124) | (0.124) | (0.124) | (0.125) | (0.127) |
| Financialsystemdeposits | -0.000365 | -0.000555 | -0.000536 | -0.000586 | -0.000563 | -0.000521 | -0.000515 | -0.000533 | -0.000365 |
| | (0.000555) | (0.000552) | (0.000554) | (0.000562) | (0.000547) | (0.000563) | (0.000577) | (0.000547) | (0.000555) |
| Constant | -1.476 | 1.182 | -0.388 | -0.102 | 0.0196 | -0.510 | -0.269 | -0.225 | 0.0554 |
| | (2.465) | (2.545) | (2.424) | (2.465) | (2.498) | (2.614) | (1.827) | (2.509) | (2.606) |
| Observations | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 |
| Number of countries | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Individual controls | No | No | No | No | No | No | No | No | No |
| Country controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Cluster | Country | Country | Country | Country | Country | Country | Country | Country | Country |
| Country dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.0833 | 0.201 | 0.0334 | 0.0285 | 0.0629 | 0.0361 | 0.0273 | 0.0330 | 0.0712 |

## Table 11. Subsample analysis

This table presents the results of the linear probability estimations examining the effect of gender equality in law on women's financial inclusion. The dependent variable is *Account*. This table reports estimated coefficients and standard errors (in parentheses). All models have variance robust to heteroscedasticity and clustered at the country level. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. Appendix A contains the variable definitions.

| | Estimations by individual level of income | | | |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| | Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
| Female * WBL | 0.00159*** | 0.00190*** | 0.00164 | 0.00174 |
| | (0.000331) | (0.000349) | (0.00297) | (0.00341) |
| WBL index | 0.00175 | 0.00270* | 0.00141 | 0.00150 |
| | (0.00159) | (0.00150) | (0.00152) | (0.00146) |
| Female | -0.155*** | -0.189*** | -0.181*** | -0.186*** |
| | (0.0277) | (0.0284) | (0.0242) | (0.0289) |
| Age | 0.00141*** | 0.00135*** | 0.00159*** | 0.00204*** |
| | (0.000307) | (0.000282) | (0.000302) | (0.000272) |
| Primary or less | -0.241*** | -0.224*** | -0.242*** | -0.269*** |
| | (0.0171) | (0.0146) | (0.0134) | (0.0145) |
| Secondary | -0.118*** | -0.102*** | -0.0994*** | -0.105*** |
| | (0.0142) | (0.0117) | (0.0104) | (0.0106) |
| lninflation | -0.00593 | -0.00623 | -0.00695 | -0.00332 |
| | (0.00747) | (0.00666) | (0.00659) | (0.00584) |
| lnGDPpercapita | 0.198** | 0.149* | 0.144 | 0.148* |
| | (0.0853) | (0.0824) | (0.0905) | (0.0820) |
| Financialsystemdeposits | -0.000260 | -0.000542 | -0.000657 | -0.000216 |
| | (0.000466) | (0.000550) | (0.000475) | (0.000405) |
| Constant | -0.611 | -0.614 | -0.617 | -0.618 |
| | (0.460) | (0.461) | (0.461) | (0.461) |
| Observations | 77,927 | 83,227 | 90,646 | 99,750 |
| Individual controls | Yes | Yes | Yes | Yes |
| Country controls | Yes | Yes | Yes | Yes |
| Cluster | Country | Country | Country | Country |
| Country dummies | Yes | Yes | Yes | Yes |
| Year dummies | Yes | Yes | Yes | Yes |
| Adjusted R2 | 0.399 | 0.399 | 0.399 | 0.399 |

## Appendix A. Variable definitions

| Variable name | Definition and source |
|---|---|
| ***Dependent variables*** | |
| Account | Dummy variable equal to 1 if the respondent has an account with financial institution, 0 otherwise. *Source: Global Findex.* |
| Too far away | Dummy variable equal to 1 if the respondent does not have an account because bank is too far away, 0 otherwise. *Source: Global Findex.* |
| Too expensive | Dummy variable equal to 1 if the respondent does not have an account because financial services are too expensive, 0 otherwise. *Source: Global Findex.* |
| Lack of documentation | Dummy variable equal to 1 if the respondent does not have an account due to lack of documentation, 0 otherwise. *Source: Global Findex.* |
| Lack of trust | Dummy variable equal to 1 if the respondent does not have an account due to lack of trust, 0 otherwise. *Source: Global Findex.* |
| Lack of money | Dummy variable equal to 1 if the respondent does not have an account due to lack of money, 0 otherwise. *Source: Global Findex.* |
| Religious reasons | Dummy variable equal to 1 if the respondent does not have an account due to religious reasons, 0 otherwise. *Source: Global Findex.* |
| Family | Dummy variable equal to 1 if the respondent does not have an account because a member of the family has one, 0 otherwise. *Source: Global Findex.* |
| Cannot get one | Dummy variable equal to 1 if the respondent does not have an account because he cannot get one, 0 otherwise. *Source: Global Findex.* |
| No need for financial services | Dummy equal to 1 if the respondent does not have an account because he does need it, 0 otherwise. *Source: Global Findex.* |
| Withdrawals | Dummy variable equal to 1 if respondent reported to have taken money out of their personal account(s) three or more times in a typical month. This includes cash withdrawals, electronic payments or purchases, checks, or any other time money is removed from their account(s) by themselves or others. *Source: Global Findex.* |
| Female to male ratio | Female to male ratio of access to formal account at the country level. *Source: Global Findex.* |
| ***Independent variables*** | |
| *Individual-level variables* | |
| Female | Dummy variable equal to 1 if the respondent of the firm is a woman, 0 otherwise. *Source: Global Findex.* |
| Primary or less | Dummy that takes the value 1 if the respondent completed elementary education or less (up to 8 years of education), 0 otherwise. *Source: Global Findex.* |
| Secondary | Dummy that takes the value 1 if the respondent completed secondary education and some education beyond secondary education (9-15 years of education), 0 otherwise. *Source: Global Findex.* |
| Tertiary or more | Dummy that takes the value 1 if the respondent completed four years of education beyond high school and/or received a 4-year college degree, 0 otherwise. *Source: Global Findex.* ***(reference variable in estimations)*** |
| IncomeQ1 | Dummy that takes the value 1 if the respondent falls in the lowest income quintile of the country, 0 otherwise. *Source: Global Findex.* |
| IncomeQ2 | Dummy that takes the value 1 if the respondent falls in the second lowest income quintile of the country, 0 otherwise. *Source: Global Findex.* |
| IncomeQ3 | Dummy that takes the value 1 if the respondent falls in the middle-income quintile of the country, 0 otherwise. *Source: Global Findex.* |
| IncomeQ4 | Dummy that takes the value 1 if the respondent falls in the second highest income quintile of the country, 0 otherwise. *Source: Global Findex.* |

| IncomeQ5 | Dummy that takes the value 1 if the respondent falls in the highest income quintile of the country, 0 otherwise. *Source: Global Findex.* (**reference variable in estimations**) |
|---|---|

*Legal environment variables*

| Workplace | Workplace index. *Source: Women, Business and the Law.* |
|---|---|
| Pay | Pay index. Source: *Women, Business and the Law.* |
| Marriage | Marriage index. *Source: Women, Business and the Law.* |
| Parenthood | Parenthood index. *Source: Women, Business and the Law.* |
| Entrepreneurship | Entrepreneurship index. *Source: Women, Business and the Law.* |
| Assets | Assets index. *Source: Women, Business and the Law.* |
| Pension | Pension index. *Source: Women, Business and the Law.* |
| WBL index | Index capturing the legal inequalities between men and women in terms of mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pension. The range is 0 to 100, the higher the index, the lower the legal inequalities. *Source: Women, Business and the Law.* |
| ROL | Perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. *Source: World Development Indicators.* |

*Cultural and religious variables*

| Negative Attitudes | Inverse value of the 3-item index measuring a national culture's emphasis on universal freedoms in the domain of gender equality (support of women's equal access to education, jobs and power). *Source: World Value Survey.* |
|---|---|
| Masculinity | Masculinity is defined as "a preference in society for achievement, heroism, assertiveness and material rewards for success". *Source: Hofstede's website.* |
| Power Distance | The power distance index is defined as "the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally". *Source: Hofstede's website.* |
| Individualism | This index explores the "degree to which people in a society are integrated into groups". *Source: Hofstede's website.* |
| Uncertainty Avoidance | The uncertainty avoidance index is defined as "a society's tolerance for ambiguity". *Source: Hofstede's website.* |
| Long Term Orientation | This dimension associates the connection of the past with the current and future actions/challenges. *Source: Hofstede's website.* |
| Indulgence | Indulgence is defined as "a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun". *Source: Hofstede's website.* |
| Catholic | Dummy variable equals to 1 if more than 50% of the inhabitants in a country are Catholics, 0 otherwise. *Source: The World Factbook.* |
| Protestant | Dummy variable equals to 1 if more than 50% of the inhabitants in a country are Protestants, 0 otherwise. *Source: The World Factbook.* |
| Muslim | Dummy variable equals to 1 if more than 50% of the inhabitants in a country are Muslims, 0 otherwise. *Source: The World Factbook.* |
| Buddhist | Dummy variable equals to 1 if more than 50% of the inhabitants in a country are Buddhists, 0 otherwise. *Source: The World Factbook.* |

*Macroeconomic variables*

| Lniflation | Natural logarithm of inflation rate. *Source: World Development Indicators.* |
|---|---|
| Financialsystemdeposits | Total of financial system deposits, as a share of GDP. *Source: World Development Indicators.* |

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|---|---|
| lnGDPpercapita | Natural logarithm of gross domestic product divided by midyear population. *Source: World Development Indicators.* |
| *Instruments* | |
| Maputo | Dummy variable equal to 1 if the country has ratified the Maputo protocol, 0 otherwise. *Source: Maputo protocol website.* |
| Language | Sum of four grammatical gender variables (Sex-based, Number of genders, Gender pronoun, Gender assignment). Index ranges from 0 (genderless language) to 4 (highly gendered language). *Source: World Atlas of Language Structures.* |
| CEDAW | Dummy variable equal to 1 if the country is a signatory to the CEDAW, 0 otherwise. *Source: United Nations website.* |