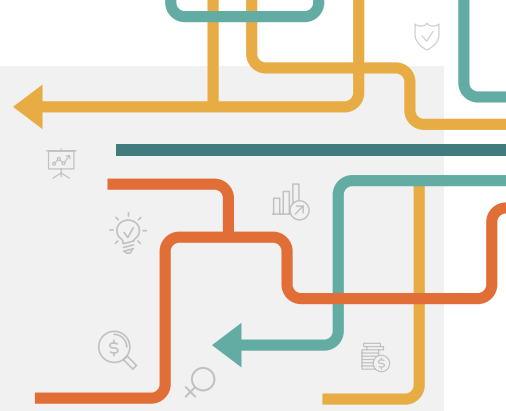


# A Data-Driven Path to Women's Financial Inclusion: Insights from Financial Service Providers



## Executive Summary

As more financial service providers (FSPs) across the world increase their efforts toward inclusion, data is playing an important role in unlocking the market opportunity that women represent. But although financial inclusion data is becoming increasingly available to FSPs, significant gaps persist when it comes to collecting and effectively using sex-disaggregated data. We are at a critical point where we must embrace the challenge of closing gender data gaps to continue the industry's momentum towards inclusive finance.

Women's financial inclusion data is a catalyst for action. It can be both a diagnostic tool for the state of inclusion and a driver of change by revealing where interventions are needed.

Gender data can help FSPs find new market opportunities; develop a strategic rationale; track performance and profitability of their products and programs; and therefore support sustainable business strategies for the women's market.

Both supply- and demand-side sex-disaggregated data is necessary. Supply-side data demonstrates how financial services are accessed and used, and demand-side data shows how women experience (or not) these financial services.

The Women's Financial Inclusion Data (WFID) Partnership's Global Gender Data Strategy,<sup>1</sup> developed with McKinsey & Co., found that there was robust data available on the global female economy and the size of the women's market opportunity (mostly from market research or demand-side data). However, more granular, segment-level data was missing, as well as business performance data at the FSP level (mostly supply-side).

With this in mind, Data2X's WFID partnership, including the Financial Alliance for Women, convened a dialogue series titled "Data Driving Action for Women" in 2019. The series of three roundtables held in New York, Paris and San Francisco brought together approximately 100

financial services professionals, including representatives from commercial banks, fintechs, payment providers, multilaterals, and insurance companies along with wealth managers, investors, data scientists, data aggregators, academics, and industry leaders. These knowledge exchanges revealed how much potential lies in the use of data not only to drive financial inclusion but also to hasten the closing of the gender gap when it comes to women's access and use of financial services. The discussions also highlighted the state of the women's financial inclusion data field and the opportunities and challenges ahead.

The Women's Financial Inclusion Data (WFID) Partnership works to increase awareness about the importance of sex-disaggregated financial services data and to coordinate efforts and interventions to maximize its collection and use. WFID partners include the Alliance for Financial Inclusion (AFI), Data2X, the Financial Alliance for Women, the Inter-American Development Bank (IDB), IDB Invest, the International Finance Corporation (IFC), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the UN Capital Development Fund (UNCDF) and the World Bank Group (WBG). The partnership is convened by Data2X, a gender data alliance housed at the United Nations Foundation.

This report gathers key insights and cases discussed during the roundtables and is complemented by additional primary and secondary research conducted before and after the series.

Closing the gender data gaps in both the demand and the supply side will be critical to encouraging market entry of more FSPs and providing adequate information for evidence-based policymaking. In doing so, the financial services sector has a significant opportunity to drive the financial inclusion of women and, in turn, sustainable economic growth.

# Mapping the State of Women's Financial Inclusion

“To solve women's financial exclusion, our starting point should be data.”

– Her Majesty Queen Máxima of the Netherlands,  
the UN Secretary-General's Special Advocate  
for Inclusive Finance for Development (UNSGSA)

We have a much more detailed understanding of the state of women's financial inclusion today than ever before, due in part to the dedicated efforts of WFID partners, private sector actors, and global business consultancy firms.

New analyses of sex-disaggregated data continue to demonstrate that financial inclusion gender gaps are stubbornly persistent despite meaningful advances in other quality-of-life indicators across the world.

The World Bank's Global Findex has tracked global progress in financial inclusion between 2011 and 2017. Although women's account ownership at financial institutions has risen by 17 percentage points during this period, the gap between men and women's account ownership remained persistent at 7 percentage points globally.

This data, while essential, only tells part of the story. Many global studies have leveraged existing databases, analyzed them on a sex-disaggregated basis, and found a more nuanced understanding of women's current financial experiences and needs. Moreover, many of these studies have also uncovered notable opportunities that show the power of sex-disaggregated data.

## Finding a New Opportunity in a Crowded Market

In 2012, **BLC Bank** in Lebanon developed the Women's Empowerment Initiative (the WE Initiative), which is the first and only complete program dedicated to the financial empowerment of women in the Middle East. For BLC, this presented a new market opportunity in Lebanon's crowded financial services market, where 63 banks serve 2.8 million depositors. Although market-level data on women was scarce, the bank analyzed its internal customer data by sex and segment and conducted extensive market research on both women and men's distinct needs to create a holistic proposition. Their research led them to develop both financial and non-financial solutions for women customers, including financial and technical training, market exposure opportunities, and advisory services. In 2015, BLC developed a business case estimating that the program yielded an IRR of over 30 percent. This data-driven approach helped the bank ensure the program became part of its core strategy. The WE Initiative has continued to expand for the past eight years, helping BLC Bank to be consistently recognized as the Bank of Choice for Women in Lebanon.

## Global Progress in Women's Financial Inclusion Between 2011 and 2017

	Gaps	Opportunities
<b>Economic Participation</b>	The economic participation gender gap has closed by just 0.15 percentage points every year during 2006–2019. <sup>2</sup>	Gender parity would add as much as an estimated \$12 trillion to global GDP by 2025. <sup>3</sup>
<b>Wealth</b>	Women hold 40 percent of the world's wealth. <sup>4</sup>	If women's wealth management and business relationships were managed like men's, FSPs would see an additional \$105 billion in revenue. <sup>5</sup>
<b>Entrepreneurship</b>	Entrepreneurial activity for women globally is about three-quarters that of men. <sup>6</sup>	231 million women are starting or running new businesses around the world. <sup>7</sup>
<b>Account Access</b>	The gender gap in account ownership globally closed by just 1 percentage point in the last 7 years reported. <sup>8</sup>	Reaching global parity in checking and savings accounts could generate an estimated \$15 billion in annual revenues. <sup>9</sup>
<b>Account Usage</b>	Women micro, small, and medium enterprises (MSMEs) lack of access to finance is valued at \$1.7 trillion. <sup>10</sup>	If women and women-owned enterprises had equal access to credit it would generate an additional estimated \$95 billion in interest and fees. <sup>11</sup>
<b>Insurance</b>	Women's life insurance coverage in the US is half the average value of men's. <sup>12</sup>	If insurers sold life insurance to women at the same proportion of their income as they do to men, they would net an estimated \$100 billion in additional profits. <sup>13</sup>
<b>Digital Channels</b>	165 million fewer women than men own a mobile phone in low- and middle-income countries. <sup>14</sup>	Banks that successfully use digital technologies could realize a profit upside of 40 percent or more. <sup>15</sup>

# A Wealth of Opportunities from Gender Data

“I describe it almost as a problem hiding in plain sight.... because [for the Alison Rose Review of Female Entrepreneurship] we did a huge amount of interviews and data analysis, to really get to the root of the problem and... quantify the opportunity.”

– Alison Rose, CEO, Royal Bank of Scotland Group

The promise of the data revolution has the potential to truly accelerate the financial inclusion of women. As more sex-disaggregated data becomes available, it will yield more actionable insights for multilaterals, governments and regulators to support FSPs in their efforts.

Filling gender data gaps can provide new opportunities for FSPs to increase access, deepen relationships with existing and new customers, develop tailored financial experiences, and create innovative financial solutions.

We identified four key areas in which sex-disaggregated data will be particularly useful to FSPs wishing to reach women: increasing access to financial services, deepening customer relationships, tailoring financial experiences, and innovating with new data.

## Increasing Access to Financial Services

Accessing financial services is a significant challenge for almost 1 billion women that remain unbanked.<sup>16</sup> Demand-side datasets like the World Bank's Global Findex provide a global and country-level picture of why this is the case. They can help us understand customer needs and barriers to accessing and using financial services.<sup>17</sup>

Yet, many FSPs rely on datasets that exclude the unbanked, many of whom are women. Additionally, Data Driving Action participants expressed the need for regular demand-side research, as most surveys and focus groups are often administered on a one-off basis to gather information on a specific product or initiative and may not provide a 360-degree view of customers' needs and pain points.

In addition, women's access to credit remains curtailed, but many financial institutions are not analyzing their portfolios to understand these gaps. Member data from the Financial Alliance for Women's "Economics of Banking on Women" annual survey revealed that women represent only 18 percent of credit portfolios, yet their non-performing rates are consistently lower than men's.<sup>18</sup> Women's higher repayment rates are widely attributed to women being more risk-averse than men. However, research has shown that income uncertainty and net worth may be the main drivers of women's more conservative financial behavior.<sup>19</sup> Complementary demand and supply side sex-disaggregated data can help us move beyond these perceptions by providing a more complete picture of the structural inequalities that condition women's financial behaviors.

Likewise, sex-disaggregated data can uncover the structural reasons behind why women remain unbanked. For instance, there is a strong correlation between the unbanked population and low educational outcomes and unemployment and/or self-employment.<sup>20</sup> This means that to address the issue of access, FSPs cannot rely exclusively on financial product innovation. Instead, investment in non-financial services like financial literacy

## Bringing the Bank to Her

As South Africa's first fully digital bank, **TymeBank** has achieved impressive growth by focusing on ease of use, speed, and accessibility. Understanding that women are "time-poor," as they face significant time constraints between work and home, and that they have often not had sufficient financial service education to fully take advantage of a digital-only banking platform, TymeBank supplemented their online account opening with "less than a 5-minute" interaction in-store kiosks in two of the country's leading grocery chains, bringing the account opening to where people go in their daily lives. They also staffed the kiosks with Ambassadors – people from the local community who explain details about the account. Bringing the bank to their customers made all the difference. Despite being a digital-only bank, 85 percent of new account openings have taken place at the kiosks and 57 percent of them have been women, even during the pandemic.

programs, business advisory for micro, small and medium enterprises (MSMEs) and other support services are key to increasing financial inclusion. In fact, 91 percent of Financial Alliance for Women members offer financial training services for female customers.<sup>21</sup>

## Deepening Customer Relationships

Although women tend to hold roughly the same average number of financial products as men,<sup>22</sup> their financial behaviors and usage can vary widely. Sex-disaggregated data provides important insights into women's financial experiences, behaviors, and goals. For instance, women have identified the financial services industry as the one sector they are most dissatisfied with,<sup>23</sup> yet few FSPs are monitoring female customer satisfaction on an ongoing basis.

The sex-disaggregating of customer Net Promoter Scores (NPS), a measure of customer loyalty, and satisfaction surveys can provide powerful intelligence on how an FSP is serving its female customers. Looking at transactional and product data by sex is also key to understanding the persistence of any barriers. Santander Argentina, for instance, found that women's NPS scores were six points higher than men's, yet only 24 percent of women were using pre-approved loans (as compared to 31 percent of men). Santander developed its Santander Women solution to empower women and provide them with financial education and networking tools and in turn, increase their engagement with the bank.

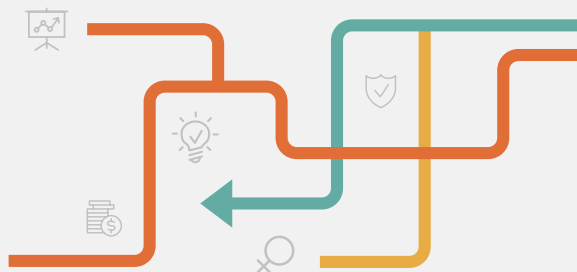
## Analyzing Savings Patterns to Better Meet Women's Needs

By sex-disaggregating its customer data, **Bank al Etihad** observed that women's savings were lower than men's. This trend differed from global trends which showed that women tend to have stronger savings behavior. Based on this data-driven analysis, Bank al Etihad launched the Shorouq Savings Account to encourage women to build savings and financial independence through an ongoing prize program that offered rewards speaking to Jordanian women's financial security ambitions: steady income and homeownership. The prize program was an immediate success, resulting in female depositor growth of 6x since the launch of the account and increased savings behaviors.

Deepening women's financial inclusion also involves understanding that women cannot be treated as a single market. It is essential to segment women's financial inclusion data, whether conducting market research or analyzing existing customer data. In some cases, FSPs' traditional segmentation, based on criteria such as product, income, or business size, is considered to be gender-neutral, but has proven ineffective for understanding women. In the Dominican Republic, for instance, Banco BHD León found that a significant number of female retail customers owned informal businesses. These female entrepreneurs did not have a relationship manager and were likely using products and services that did not best meet their needs. Through an algorithm, BHD León was able to more accurately segment individuals and business owners by sex and develop more tailored solutions.

## Becoming the Benchmark Bank for Women

In 2012, **Banco BHD León** in the Dominican Republic launched Tarjeta Mujer, a Mastercard product aimed at women offering attractive interest rates, health insurance, emergency services and exclusive discounts. The product was a huge success, in the first 12 months after the launch customer spending tripled compared to other cards, the average ticket size doubled and the transaction volume rose by 60 percent. The product also led to an unprecedented response from new applicants: It had a 40-percent acceptance rate compared to the 12-16 percent rate of other cards. By sex-disaggregating customer segment data, BHD León created a proof of concept that led to the development of a more comprehensive women's market program, Mujer Mujer, that targets women at different segments and life stages. The program has not only been an enormous success for the organization, but it has garnered BHD León a leading reputation in the nation as the benchmark bank for Dominican women.



## Tailoring Financial Experiences

Understanding women's financial needs, behaviors, and life goals—and the structural barriers that impact them—through data-driven insights can help FSPs create tailored propositions. For instance, women tend to retire earlier (in many cases due differences in required ages between men and women), live longer and incur higher medical expenses. Given these considerations, an off-the-shelf retirement plan will not serve the needs of the average woman.<sup>24</sup>

These efforts to meet women's unique financial needs, however, must be meaningful and based on concrete evidence. Data Driving Action participants overwhelmingly rejected efforts to superficially serve female customers, dubbing them "pink checkbooks." Instead, participants embraced personalized relationship management, women-centered customer service and relevant financial advice—all of which can deepen the relationships women have with FSPs.

Some FSPs have been using data to successfully create women-specific financial experiences. For example, Westpac in Australia introduced its "Life Moments" strategy in 2017, which identifies key events in women's lives through research and segmentation and offers tailored holistic solutions for each event. These include mortgage payment reductions during parental leave and short-term loans, grants, or legal assistance during divorce. Meanwhile, AXA incorporates women-specific data insights, such as the financial value of unpaid domestic work, into its online insurance calculator tool.

## Understanding What Kenyan Women Want from a Bank

**KCB Bank**, the largest commercial bank in Kenya, developed a women's product 12 years ago. This offering did not take off as desired as it, unintentionally, created further biases related to women not being solid borrowers. In 2017, the bank decided to re-examine the women's proposition. It commissioned in-depth market research, which found that 40% of active registered businesses in Kenya were owned by women; and that while 50% of the bank's MSME customers were women, only 9% of them were borrowing. This data-driven approach helped KCB understand the market and reengineer the proposition to address this unbanked population. It led KCB to develop a more comprehensive approach that focused on three pillars: strengthening customer relationship management, adjusting credit methodologies to account for specific barriers, and providing non-financial support to the women. The program has led to great success: 26% of women MSMEs are now borrowing and NPS has attained impressive levels (at 42%).

## Developing Tailored Insurance Products

The leading insurance company in the world **AXA** launched its global initiative for the women's market in 2016. Before doing so, AXA partnered with the IFC and Accenture to understand women's insurance needs and quantify the global market opportunity at \$1.7 trillion. AXA then conducted extensive market research through focus groups in multiple countries and undertook a large data collection effort to identify the unique needs and pain points of women in each of their markets. Based on the data collected, AXA developed new offerings as well as adapted existing products. The program focused on two segments: retail women, which included tailored solutions that considered gender-specific health concerns or pregnancy, through new offerings in Life & Savings, Health, Assistance, and Property & Casualty insurance products. For SME owners the program included business solutions like Liability, as well as support in accessing finance and with a strong emphasis on mentoring and upskilling support. In 2019, 17 AXA business units included women customers as a strategic priority and 26 products have been developed.



## Innovating with New Data

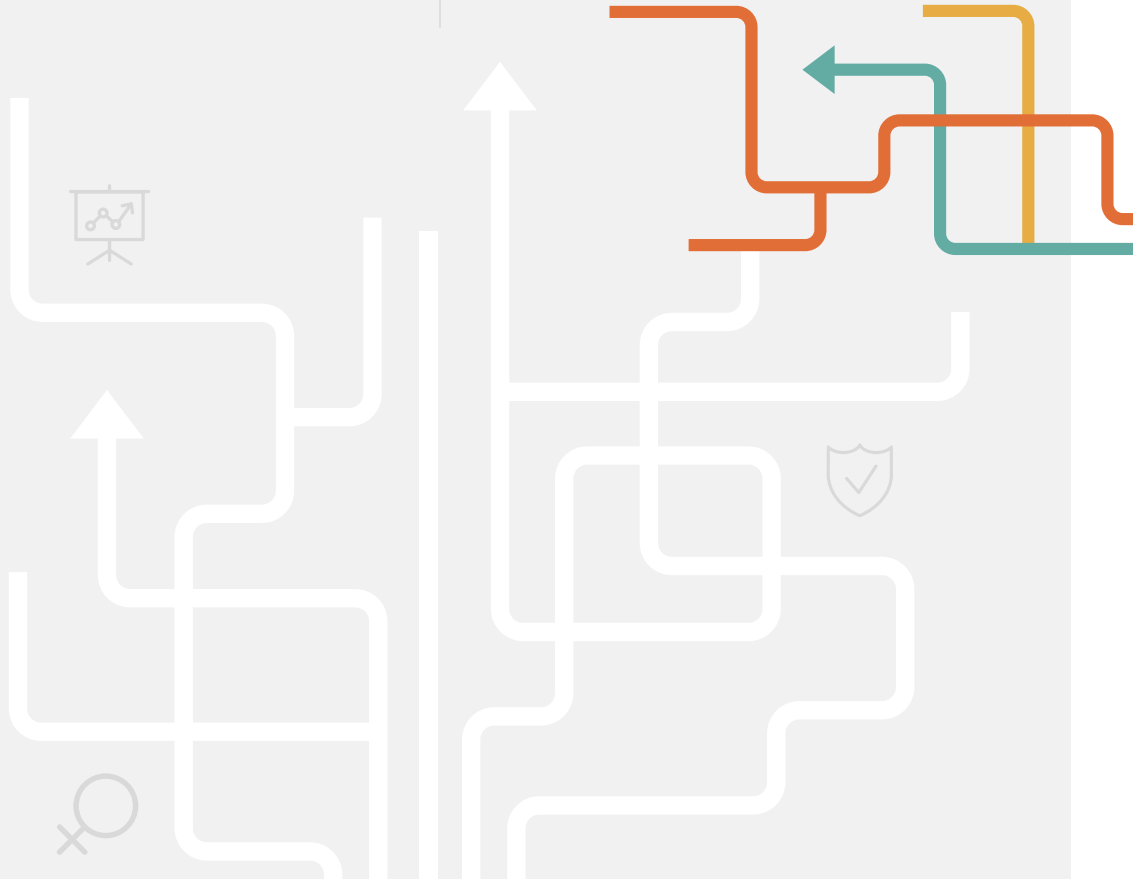
The use of alternative or big data—massive datasets from cell phones, the Internet, remote sensors, and other new data sources—has been lauded as a potential “great equalizer.”<sup>25</sup> New approaches to gathering and analyzing data are yielding important findings to help FSPs accelerate women’s financial inclusion. From finding the clusters of underserved and unserved populations to understanding regional differences and developing better financial risk management tools, the use of sex-disaggregated data is supporting the development of a more comprehensive picture of the financial landscape.

Artificial intelligence (AI) is helping drive innovation in financial inclusion. It is allowing banks and lenders to improve their underwriting decisions by mining alternative data sources like social networks to help more accurately assess individuals that do not have traditional collateral, many of whom are typically women.

AI is also spurring new automated investment management tools and sophisticated savings products<sup>26</sup> providing more tailored financial education and advice, a critical aspect to increasing women’s confidence in financial decision-making. And consumers can now rely on many AI technologies to help fight the growing risk of fraud and theft as financial products become increasingly digital.

## Reducing Bias in Credit Markets Through Gender Data

Given that extensive research shows that women are less likely to receive a loan, and when they do, they receive lower amounts or get higher interest rates, researchers at Northwestern University and UC Berkeley decided to use alternative data methods to test credit scoring models. They partnered with a bank in the Dominican Republic to develop a gender-specific credit-scoring model to test whether it could impact women’s access to credit. The data showed that with a gender-differentiated credit scoring model, 80 percent of women had higher credit scores. The conclusions are now being tested with alternative data, including mobile, social network and financial behavior, but overall, the researchers were able to show that by incorporating gender variables instead of ignoring them, alongside fairness criteria, FSPs can reduce bias against women in credit markets.





# Navigating Old and New Challenges: Risks for Gender Data

“We like to think of data as being objective, but the answers we get are often shaped by the questions we ask. When those questions are biased, the data is too.”

– Melinda Gates, co-founder, Bill & Melinda Gates Foundation

Despite the many ways that leveraging sex-disaggregated data, as with any data, can accelerate the financial inclusion of women, it comes with some risks that FSPs, regulators and policymakers, and the entire women’s financial inclusion ecosystem must consider and navigate.

## A Chicken-or-Egg Challenge

Data Driving Action participants pointed toward an inherent problem: FSPs collecting sex-disaggregated data are likely to be those already targeting or planning to target women as a customer segment. Institutions that do not embrace this opportunity to serve women clients are less likely to invest in collecting and reporting sex-disaggregated data.

In some cases, the impetus for sex-disaggregating data can be a regulatory or compliance requirement rather than an internally driven market strategy. If these types of regulatory mandates are not implemented with adequate awareness-building, then the resulting gender data reporting could become a meaningless exercise rather than an embedded tactic mainstreamed within FSPs and used to inform strategic decision-making.

## The Legislative Labyrinth

As collecting consumer sex-disaggregated data becomes increasingly complex and regulated, legislative challenges can also emerge. New concerns about how data is used, privacy issues and the “right to be forgotten” are placing new constraints on how FSPs gather, store, share, analyze, and use data. These concerns are justified, as there is ample potential for the misuse of data for predatory lending and discrimination.

## An Appropriate Use of Customer Data

The **World Economic Forum** ranked the inappropriate use of customer data as one of the top risks facing the global financial system. In 2019, it advanced a set of global customer data principles to help ensure appropriate use by financial institutions. Although it doesn’t explicitly mention gender or demographics, the principles and their underlying considerations are nevertheless applicable:<sup>27</sup>

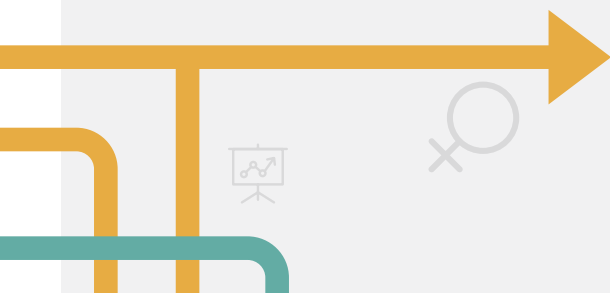
**Consent:** Customers should be able to give or deny consent on the collection or use of data.

**Control:** Customers should have the ability to exert control over their data, while companies should be able to provide differentiated customer services based on appropriate legal grounds.

**Security:** Companies should be held responsible and accountable for data security.

**Transparency:** Companies should test, validate, and explain their use of data analytics to customers.

**Reciprocity:** Companies should have the right to improve their value creation by using customer data while benefitting customers.





As more jurisdictions begin regulating data use more stringently – the European Union’s General Data Protection Regulation, for example – many Data Driving Action participants expressed concern that efforts to improve women’s financial inclusion through the collection and use of sex-disaggregated data will be stifled.

For example, Data Driving Action participants report that in some countries like France, the US, and Canada, collecting and using sex-disaggregated data seems to be implicitly prohibited due to the interpretation that it could be discriminatory. This conservative interpretation by legal departments has deterred FSPs from using sex-disaggregated data, even to understand how many women they are serving. It could also make biased lending problems even worse, as FSPs are unable to assess or quantify the potential gender biases that exist in the first place.<sup>28</sup>

In the US, the legal interpretation that collecting sex-disaggregated data could be seen as discriminatory has resulted in significant gender data gaps across FSPs. The 1974 Equal Opportunity Credit Act promoted greater and more equal access to credit and limited FSPs from collecting demographic data. Nevertheless, the Dodd-Frank Wall Street Reform and Consumer Protection Act incorporated reporting requirements. This contradictory legal landscape leads FSPs to tread lightly and adopt a conservative interpretation of the law.

Navigating the labyrinth of local regulations has become a challenge to using sex-disaggregated data, but Data Driving Action participants have instituted workarounds such as using external data aggregators, or looking at prefixes and names to identify gender, among others.

## Machine Bias

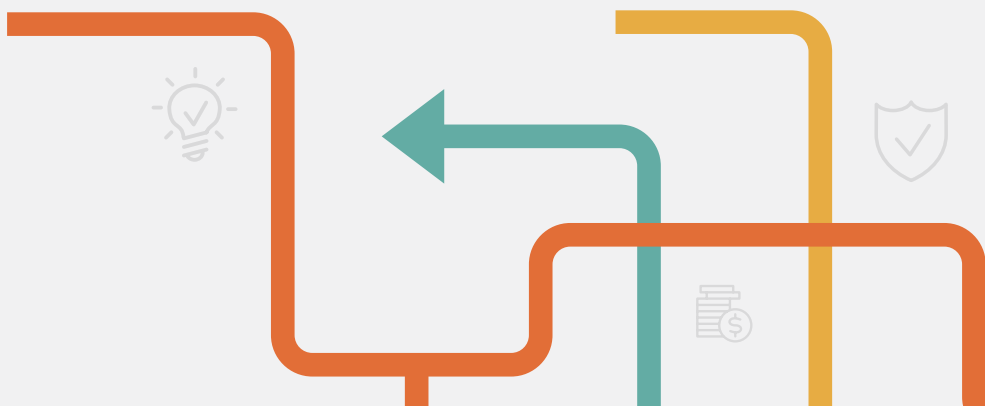
Most FSPs assume that data on financial services is gender-neutral. However, evidence shows that gender-neutral data on financial services defaults toward men’s needs and preferences.<sup>29</sup> Biases can also arise within the data itself, where gender data is incomplete, inaccurate or missing entirely.

Data Driving Action participants discussed how traditional credit scoring models can be biased against women, even when female applicants have the same characteristics as men in terms of income, business size, and more. As a result of this, the idea that AI will automatically resolve biases in data analysis is not only misleading, but in some cases, AI has the opposite effect of amplifying bias.

A data scientist participant clarified that algorithms are only as good as the data used to train them. If there is a bias within the dataset, algorithms can reproduce, replicate and even amplify gender biases. When data collection is not structured, automated, or systematically reviewed to eliminate bias, it will perpetuate biases, including gender biases.

An example of this came to light in late 2019 after the launch of the Apple Card. Male users—most notably Apple’s co-founder Steve Wozniak—publicly noted significant differences in their approved lines of credit as compared to their wives. The case is now being investigated by the New York State Department of Financial Services. Many experts noted that the Apple Card’s algorithm could be discriminating based on gender, although the company maintained it was programmed to be “blind.” And although the card issuer stated that it had engaged third parties to conduct audits, the fact that it didn’t collect gender data at all would make these audits less effective.<sup>30</sup>

To avoid many of these risks, it is essential to increase awareness around the potential biases in machine learning, account for biases at every stage of the data process, and ensure that algorithm audits are built with a gender lens.



## Human Bias

The intersection of data and decision-making is fundamentally about power: who decides what kind of data is collected, how to collect that data, how the data is analyzed, and what decisions it is used for. Incorporating diverse perspectives and concerns into both the collection and usage of data is essential for women's financial inclusion.

Although women make up a majority of the financial services industry's workforce, there are significant gaps in representation at the top. As of 2019, women made up only 20 percent of executive committees and 23 percent of boards in major financial firms globally.<sup>30</sup> This lack of diversity across decision-making roles can have a significant impact on how organizations are prioritizing gender data and using it to make decisions.

A lack of diversity across all levels of an organization can also affect how staff uses data in what are considered to be "unbiased" decisions, such as extending credit. In a recent study, the IDB measured how loan officers would respond to identical loan requests from men and women in Chile. They found that women were nearly 18 percent less likely to have their loan applications approved than men. The root of the discrimination was found to be gender-biased loan officers, a majority of which were found to be men. Among these loan officers, approval rates were 54 percent lower for women than they were for men.<sup>32</sup>

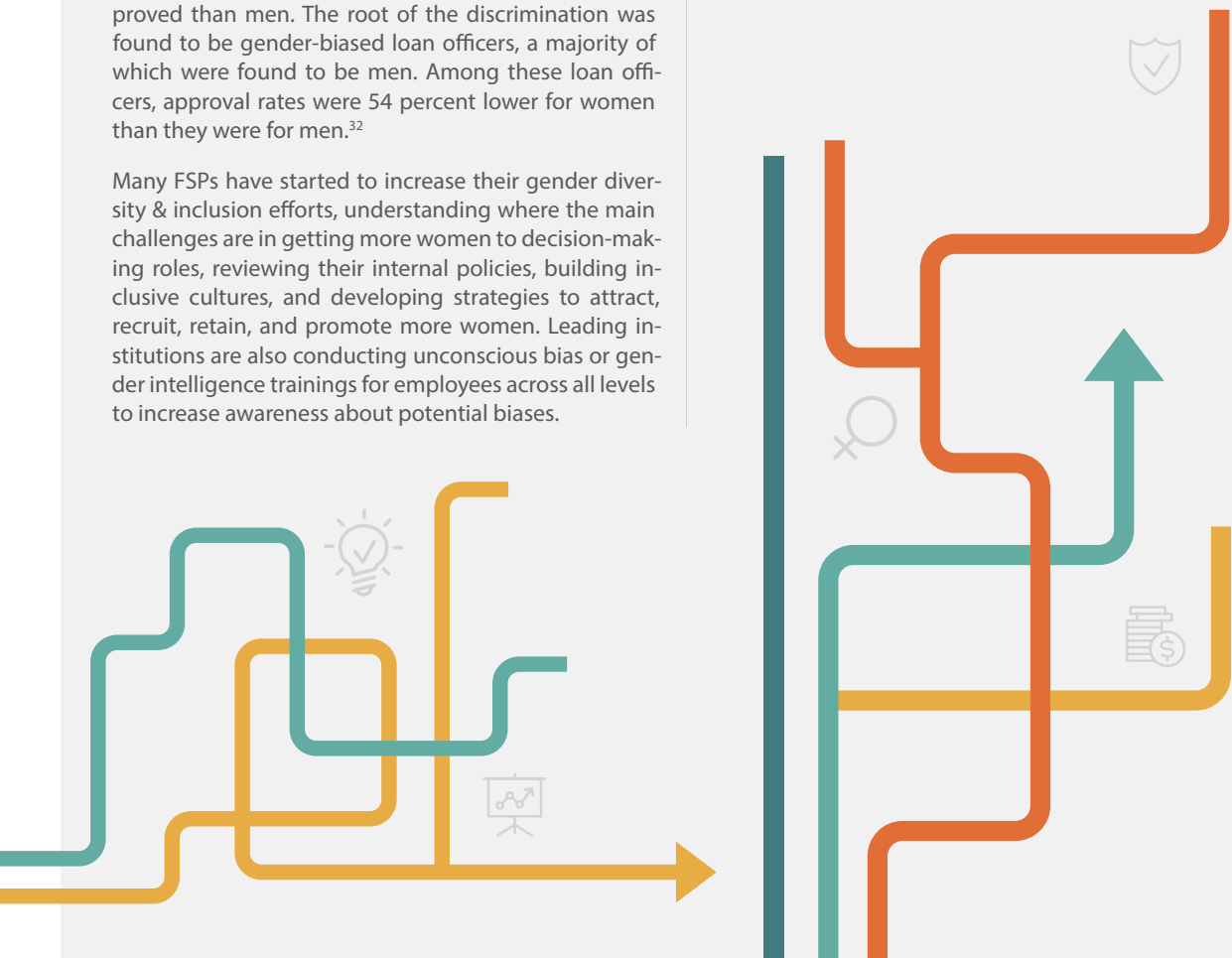
Many FSPs have started to increase their gender diversity & inclusion efforts, understanding where the main challenges are in getting more women to decision-making roles, reviewing their internal policies, building inclusive cultures, and developing strategies to attract, recruit, retain, and promote more women. Leading institutions are also conducting unconscious bias or gender intelligence trainings for employees across all levels to increase awareness about potential biases.

## The Architecture Is Only as Strong as the Foundation

Data systems, in many cases, have been designed based on the assumption that sex disaggregation is not a requirement. For instance, many FSPs data systems are built on legacy systems that did not initially incorporate customer or demographic data.

This assumption can lead to data quality issues. When collected manually or through methods that are adapted from legacy systems, sex-disaggregated data on women is often missing and/or incorrect. Often, organizations have sex-disaggregated data available only from certain customer segments or products, which might result in an incorrect or partial understanding of all their women customers.

As many FSPs are looking to improve or build new data systems, it is essential to incorporate gender as a key criterion from the start. Institutions leveraging existing systems can incorporate workarounds, as many Data Driving Action participants have done, but need to be aware of the potential pitfalls this might entail.



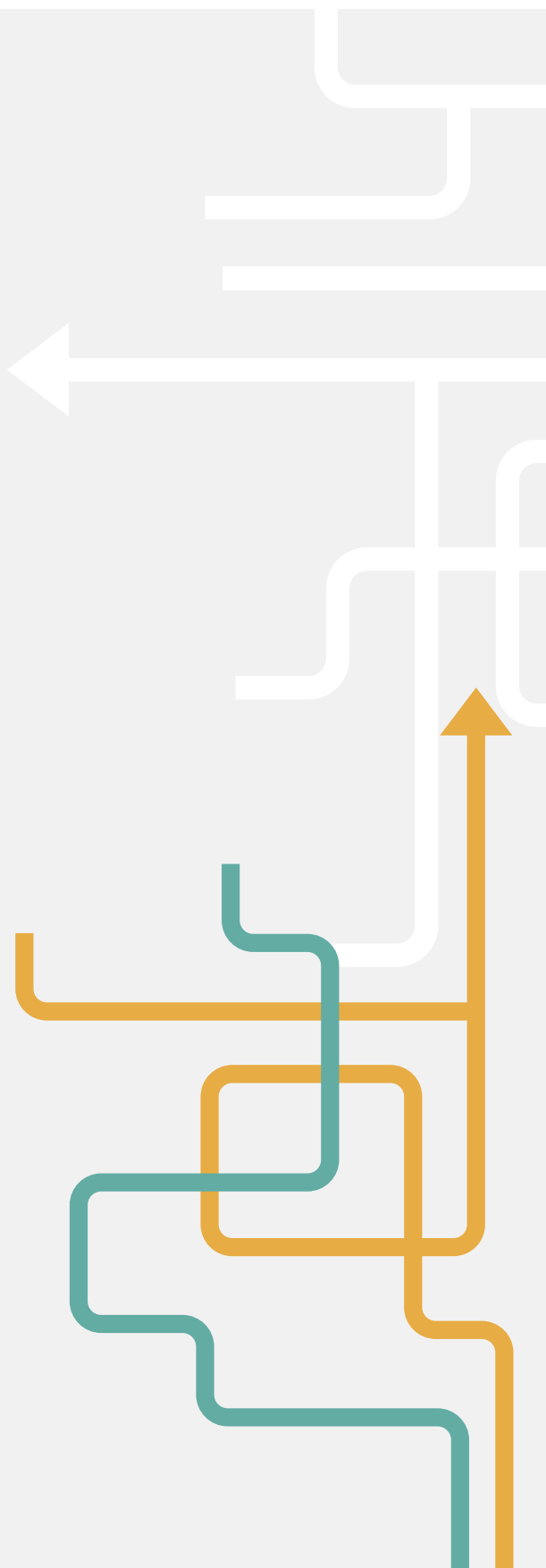
## Aligning Diverse Data Definitions and Indicators

The lack of uniformity in the data collected across institutions, markets and countries also presents a challenge. The development of a common data lexicon remains a critical missing link in the harmonization of indicators, the unification of data sets and the establishment of benchmarks.

FSPs and multilateral institutions participating in the Data Driving Action series noted that the variation in terms and definitions of key indicators remained a principal barrier to their data collection. For example, differences in how organizations define “women-owned/led enterprises” are a common source of confusion. The issue is further complicated by the evolving understanding of gender identity. This could make sex-disaggregation more complex, and concerns over privacy could deter customers from providing their sex or gender to companies – or companies opting not to ask.

These issues have far-reaching implications for FSPs, from the data they request in the know-your-customer process to how their IT and customer relationship management (CRM) systems incorporate gender as part of collection and reporting. And as FSPs, regulators and governments face more demands to report sex-disaggregated data, the lack of uniform definitions, variables, and indicators creates another risk: as they collect more data, they will have more difficulty harmonizing data sets in the future.

Some of the reporting issues have been addressed by frameworks such as AFI’s Guideline Notes on sex-disaggregated data, OECD’s “Toolkit for Measuring Financial Literacy and Financial Inclusion,” and methodological frameworks published by the World Bank’s Global Findex, the IMF’s Financial Access Survey, and the IFC’s MSME Finance Gap, among others. Nevertheless, it is clear that indicator harmonization would further improve gender data availability and quality.<sup>33</sup>



# The Future of Women's Financial Inclusion is Here

“You can't have the internet of everything without the inclusion of everyone.”

– Ann Cairns, Executive Vice Chair, Mastercard; Chair, Financial Alliance for Women

The future of women's financial inclusion is already here. And that future involves a data-driven digital world that has been accelerated by the current global COVID-19 pandemic. The global financial system must now grapple with the following questions, which take on new urgency in light of the economic crisis and its recovery efforts: How can we leverage the power of data to advance women's financial inclusion? How can we use technology to meet women's financial needs? How can we shift gender-neutral data models toward inclusion and equity? How do we ensure that sex-disaggregated data information is used ethically?

## An Emerging Ecosystem Approach for Gender Data

Data Driving Action participants emphasized the need for an ecosystem-wide approach. The coordination of sex-disaggregated financial services data among multi-lateral organizations, governments, regulators, civil society and the private sector will be key to developing the requisite market intelligence that can broaden the reach and relevance of the financial system. This can be achieved through national level gender data strategies that incorporate mapping data flows, understanding the key data gaps, and coordinating across the ecosystem.

The development of this comprehensive ecosystem is not a top-down effort. It takes a coordinated approach and continuous dialogue between all market participants. In many locations, FSPs require long lead times and dedicated support to upgrade IT systems, train staff, and develop internal frameworks robust enough to ensure high-quality sex-disaggregated data. Governments and international organizations can provide the support and technical assistance needed to make these changes, as well as provide incentives and encouragement.

## New Frontiers in Gender Data

Thanks to new internet and mobile-based financial platforms powered by the growing ubiquity of smart-phones, we have seen a steady influx of new types of data that were non-existent or inaccessible in just a few years. Almost every company around the world can now become a data-centric organization regardless of size. Mobile accounts and mobile point of sale (POS) payment gateways allow every merchant in every market to collect and aggregate data.

## Promoting Transparency in Funding

Observing that just one-third of its start-ups are female, the British government commissioned Alison Rose, then Deputy CEO of **NatWest, a subsidiary of Royal Bank of Scotland (RBS)**, to lead an independent review of female entrepreneurship in the UK. The review combined intensive data analysis with in-depth interviews to understand women's entrepreneurial journeys. The results were startling: although the UK is considered an entrepreneurial center in Europe, fewer women than men there intend to start or scale a business. The review estimated that achieving parity could add £250 billion to the economy.

In response to these findings, the UK Treasury launched the Investing in Women Code, setting the goal of increasing the number of female entrepreneurs by half by 2030. The Code has been signed by all major financial institutions in the UK and currently includes 66 commercial funds, VCs, and angel investors who, among other efforts, have committed to establishing an agreed set of comparable metrics to report on to the UK Treasury a consistent basis and be publicly published by the end of 2020.

This initiative demonstrates how the government and private sector can come together to agree on the importance of sex-disaggregated data, collaborate to create public data flows, and learn from each other with a common objective of supporting female entrepreneurs.

Cryptocurrencies have the potential to revolutionize digital transfers across the world. Blockchain has changed how information is stored and shared, making it possible to increase women's financial inclusion by reducing transaction costs, increasing transparency, and increasing data control.

New technology solutions are emerging that will further evolve and—complicate—the data landscape. The fifth-generation mobile network (5G) will soon enable massive amounts of data collection that will fuel new “smart” products and services, with the potential to revolutionize the financial services industry through “smart tellers” or automated financial assistants.

But are these new platforms collecting gender data?

In most cases, the answer is not straightforward. Digital consumer finance services are built on chains of interconnected systems across many actors. This means that how data is used, by whom, and who is responsible for its use are becoming increasingly difficult questions to answer.

Ultimately, there is a clear potential in how these platforms can improve women's financial experiences. As the new frontiers of data continue to emerge, it is critical that a gender lens is incorporated into all aspects of the data architecture from day one, to avoid many of the risks and challenges highlighted in this report. Moreover, many of these emerging industries remain male-led and so—in addition to building more gender balanced teams and leaders—it is critical to build awareness around gender biases in data.

## Gender Data as the New Standard

A number of new global initiatives are spearheading gender data in financial services. The 2X Challenge, for instance, aligned a gender measurement framework and criteria across 13 development finance institutions and a multilateral as part of its \$3 billion commitment toward women's economic empowerment (they exceeded it by \$1.5 billion).

Governments are also mandating or encouraging the collection of sex-disaggregated data within their financial systems. The IMF's Financial Access Survey saw an increase of more than 30 percent in the number of countries reporting sex-disaggregated data between 2018 and 2019.

And as gender lens investing continues to accelerate, investors will also continue to collect and demand more sex-disaggregated data.

In 2019, when the Data Driving Action for Women Dialogue Series took place, the momentum around gender data had reached a new high. We convened practitioners from across the financial services sector to share insights, perspectives, and paths forward. By incorporating experience-driven nuance to the practice of collecting and using sex-disaggregated data, we were able to dig in deep on questions of bias, legal interpretation, systems capabilities, diversity, and more. The dialogue must continue. With a concerted effort from FSPs working together with governments, global actors and other stakeholders, we can ethically leverage a data-rich present to advance and transform financial services towards a gender-equal future.

It is clear that gender data is no longer “nice to have,” but a prerequisite to becoming the financial institution of the future.

## Gender Data as a Business Imperative

The **Bloomberg Gender-Equality Index (GEI)** was launched in response to the growing demand for ways to track how companies are investing to advance gender equality. In 2020, the GEI included 325 companies in 42 countries, an increase of 42 percent over its launch year, with a market capitalization of US\$12 trillion. Bloomberg developed a framework of 70 metrics related to internal and external performance in advancing gender equality.

The GEI's standardized reporting framework allows investors to compare how companies around the world are investing in women in the workplace, the supply chain, and the communities in which they operate. It also aggregates the performance of reporting companies into an index that has consistently shown stronger performance when compared to global benchmarks, making a strong business case for companies to invest in gender equality.

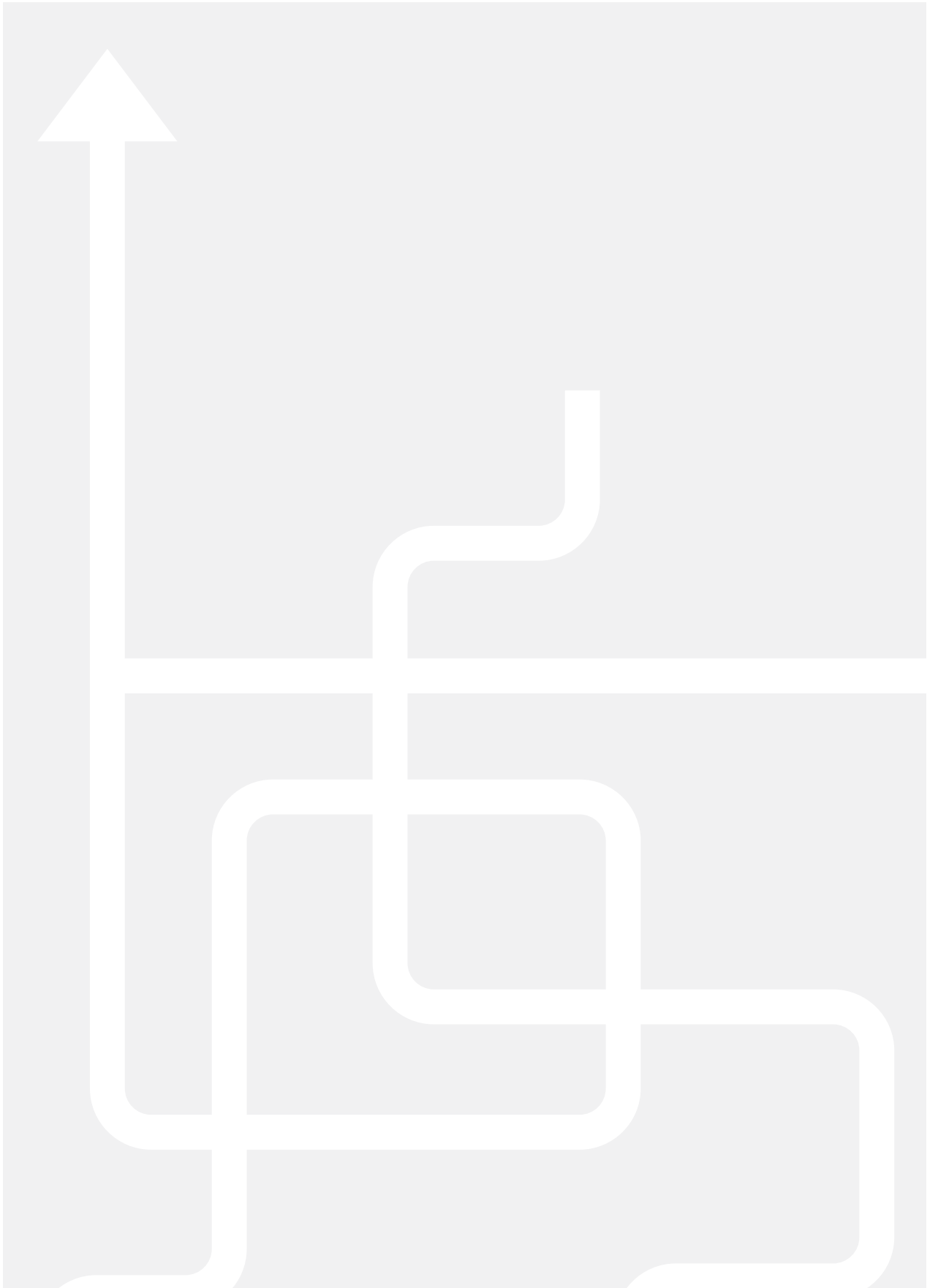
Through transparency and reporting, the GEI hopes to drive change in gender equality by helping companies understand their blind spots, holding them accountable and directing capital to those who are truly committed. The Bloomberg Gender Reporting Framework is quickly becoming a business imperative, showing that sex-disaggregated data is the new norm for measuring performance.

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## About the Women's Financial Inclusion Data Partnership

The Women's Financial Inclusion Data (WFID) Partnership works to increase awareness about the importance of sex-disaggregated financial services data and to coordinate efforts and interventions to maximize its collection and use. WFID partners include the Alliance for Financial Inclusion (AFI), Data2X, the Financial Alliance for Women, the Inter-American Development Bank (IDB), IDB Invest, the International Finance Corporation (IFC), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the UN Capital Development Fund (UNCDF) and the World Bank Group (WBG). The partnership is convened by Data2X, a gender data alliance housed at the United Nations Foundation.

