EXECUTIVE SUMMARY

During the 63rd United Nations Commission on the Status of Women, BNY Mellon and Data2X’s Women’s Financial Inclusion Data (WFID) partnership, including the Global Banking Alliance for Women, convened senior representatives from global financial institutions for a dialogue on a central question: how can financial institutions best serve women clients, and how can data guide these efforts?

The roundtable discussion generated thoughtful insights and concrete examples of how institutions are reaching and expanding their female client base, from sex-disaggregating data to compare rates of product usage between women and men, to launching dedicated services for women small business owners. Participants expressed enthusiasm not only about ongoing efforts to make financial services gender-informed, but also about opportunities to think about gender data collection and use in new ways. This roundtable report outlines key findings and discussion themes from the session, including challenges, success stories, and future steps to advance inclusive finance for women through action-driven dialogues.

BACKGROUND

The female economy is large and growing, representing an untapped market opportunity for financial service providers. Women already control $20 trillion in consumer spending and are responsible for up to 80 percent of purchase decisions worldwide, and the number of female entrepreneurs has grown by 10 percent from 2015 to 2017. McKinsey & Company estimates that when the global economy is financially inclusive, global GDP could increase by $28 trillion or 26 percent.

Though global financial institutions have increased efforts to ensure the economy benefits both women and men, significant disparities persist. The global gender gap in account ownership has remained at 7 percentage points since 2011, and at 9 percentage points in developing countries. Furthermore, women business owners worldwide are not accessing the credit they need to fuel their businesses: 80 percent of women-owned small and medium enterprises in emerging economies have unmet credit needs, and women entrepreneurs in the United States (US) receive only 4 percent of all commercial loans.

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1 Deloitte, The Gender Dividend, 2014
2 Global Entrepreneurship Monitor, Women’s Entrepreneurship Report, 2016/2017
4 World Bank, The Global Findex Database 2017, 2018
How can financial institutions better serve women? Data—sex-disaggregated and anonymized—can unlock the market opportunity of serving women worldwide. When financial institutions collect gender data, they can develop an accurate picture of the women’s market opportunity and build the business case for developing tailored products and services that meet women’s needs.

DATA DRIVING ACTION FOR WOMEN DIALOGUE SERIES

To leverage the opportunity of financially serving women, BNY Mellon and Data2X’s WFID Partnership have joined forces to convene the Data Driving Action for Women dialogue series. This 2019 roundtable series and discussions showcase how financial service providers can use gender data to target and expand the women’s market—a potential US $450 billion opportunity. Gender data in this series refers to data that is disaggregated by sex and that provides meaningful insights on how a financial service provider (FSP) serves or has the potential to serve its women customers.

The first session in the series, The Business Case, convened 25 senior leaders from global financial service providers with demonstrated commitments to inclusive finance, spanning commercial banks as well as wealth and asset management, insurance, and payment companies across international and national markets. WFID partners and other key global stakeholders from multilateral organizations working on women’s financial inclusion also attended the session. We would like to thank all participants for their rich insights and contributions to the discussion.

Below is a summary of key themes and discussion points emerging from the conversation, which took place under the Chatham House Rule.

OVERVIEW: KEY THEMES AND DISCUSSION POINTS

THE WOMEN’S MARKET OPPORTUNITY FOR FINANCIAL SERVICES PROVIDERS

2019 signals a tipping point for women’s financial inclusion. More than ever, the themes of inclusive finance and women’s economic empowerment resonate in both the private and public sectors. When this growing movement is combined with advances spurred by the data revolution—the transformative movement to improve data production, use, innovation, and transparency—there truly is the potential to accelerate women’s financial inclusion by using data to understand women’s financial behaviors and needs and to better serve them as a distinct client base.

Women represent a smaller share of banked clients than men globally, comprising only 36 percent of customers across global FSPs. Women have distinct financial behaviors:

- Women are loyal customers—despite being substantially underbanked, they hold near as many financial products as men on average;
- Women tend to be strong savers, with lower loans-to-deposit ratios than men;
- Women are prudent borrowers. Globally, non-performing loans are low across all segments of women;
- Women borrow significantly less than men, and their average loan sizes are lower than men;
- Women entrepreneurs tend to prefer to be debt-free and often undercapitalize from the start; Women-led enterprises collect less than 3 percent of all global venture capital.

Building the Business Case: Financial Services Data

Financial institutions face a troubling paradox: in an information-rich era, executives are “drowning in data” yet, astonishingly, lack gender data in the financial services sector. For example, substantial gender information exists on the wage gap, educational attainment, healthcare coverage and home ownership, but data that would enable the financial services industry to better serve women is limited.

In the WFID Partnership’s Global Gender Data Strategy, developed with McKinsey & Co., the partnership found that data can play a catalytic role in encouraging market development. The Strategy found that there were robust statistics on the female economy and the size of the women’s market opportunity (mostly from market research or demand-side data). However, there were substantial data gaps in more granular, segment-level data, as well as business performance at the FSP level (mostly supply-side data). Gender data can delineate new market opportunities for companies; track performance and profitability against competitors; and ultimately support sustainable business strategies for the women’s market. For FSPs, collecting and using gender data is important to develop the strategic rationale, to inform and monitor their women’s market program, and to demonstrate the value of these programs. Both supply- and demand-side data is helpful to target the women’s market: supply-side data can provide the “hard” numbers of how many women are using specific products, and demand-side data can show why women are using specific products over others.

SERVING THE WOMEN’S MARKET

Despite the strong business case for targeting the women’s market, women are still significantly under-represented as a share of customers, loans, and deposits across geographies and segments, including retail and business banking. Several representatives from financial institutions championing the women’s market shared their experiences serving women and strategies to attract and retain female clients:

- One Lebanese bank found that specifically targeting the women’s markets was an effective strategy to cut through the country’s competitive banking sector, where 65 banks serve 4 million people. As first steps, the bank developed an internal definition of “women-owned business” and sex-disaggregated data on 100,000 clients. The bank then organized roadshows to connect women entrepreneurs and boost access to markets and developed a suite of non-financial services focused on skill-building, recognition and networking. Today, the bank is recognized as the Bank of Choice for Women in Lebanon, with women representing 30 percent of the client base and clients reporting greater access to international markets and increased credibility as a result of the bank’s non-financial services offerings.

Based on industry data, which showed an increase in the number of women applying for loans, one US-based bank decided to target women small business owners. Today, the bank is among a...
handful of US-based banks that has a dedicated group focused on increasing business relationships with female financial decision makers by providing a differentiated and exceptional customer experience. Central to this strategy is a network of 2,000+ Certified Women Business Advocates, the majority of whom are customer-facing bankers and advisors. The program is performing strongly, with 83 percent of Women Business Advocates recommending the training and 73 percent reporting at least one new referral as a result of the program. The bank used Dun & Bradstreet data13 to cross-reference how women are performing in their portfolio and found that women use more products and services, have longer relationships with the bank, have higher deposit balances, despite having less loans and lines of credit in both volume and balances.

• In the United Kingdom (UK), one bank recognized that men were twice as likely to start a business in the UK as women. Seeing this gap as a business opportunity, they launched a Women in Business program to support women business owners through an ecosystem approach that, in addition to finance, provides women with access to business and financial education, networking, as well as public and industry recognition. The bank has trained over 1,000 staff on barriers to female entrepreneurship, focusing on opportunities to support growth in this area. The institution then started to sex-disaggregate their data, tracking the number of female and male clients using specific services and products to better understand gender patterns in financial services. Data is now driving their women’s market strategy, including tailoring solutions for women entrepreneurs and business owners in specific sectors (healthcare, leisure re-

tail, manufacturing, IT, etc). Earlier this year, the bank launched a seminal piece of research on women entrepreneur-ship for the UK government with the first recommendation to ensure greater transparency in UK funding allocations, including the commitment to sex-disaggregate data, to which other UK financial institutions have signed on.

• Insurance is often sidelined in the financial services industry, but the women’s market opportunity in the global insurance sector is $1.37 trillion.14 One global insurance company conducted focus groups and market research to understand women’s needs (i.e. pregnancy, female-specific diseases such as ovarian cancer), then developed tailored products and solutions around those needs in ten markets.

CHALLENGES

• Several representatives shared that supporting their women’s market strategies with data strengthened their case at their respective institutions—but that they found key gaps in the availability of data needed to do so. Participants reflected on challenges and solutions to integrating gender in their business strategies.

• Women use on average the same number of products as men (or in some cases more), but institutions lack data on what those products are. With greater information on what products women hold, FSPs can better tailor products to women clients and offer resources to women in line with their financial interests and needs.

• There is a need for household-level or demand-side research, but these surveys and focus groups are often administered on a one-off basis to gather information on a specific product or initiative, not at regular intervals.

• In the US market, collecting and using customer information by sex can be perceived as invasive or discriminative under Regulation B, even in an anonymized format. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act has a provision allowing for a data collection on services provided to women-owned businesses.

• Many US banks are conducting market research on the opportunity of serving women, but much of this research is used for communications purposes. Some participants have found workarounds, including use of Dun & Bradstreet data, but the data is not always up-to-date.

• There is a concern that financial institutions may not leverage sex-disaggregated information to design gender-smart solutions, but instead create products that are superficially targeted to women, such as “pink checkbooks,” which do not substantively address women’s financial needs or provide them with real value.

• Client feedback at the largest bank in Kenya showed that women do not want to be marketed products “for women” but that they value tailored services such as networking and educational programs that mitigate barriers to women’s financial access and entrepreneurship. They want personalized relationship management with their banker and they seek respect—to be treated like the bosses they are.

13 Dun & Bradstreet is a company that helps companies leverage data and insights to accelerate revenue, lower cost, manage risk, and transform for greater competitiveness.

THE WAY FORWARD: LESSONS LEARNED AND OPPORTUNITIES

Lower-resourced institutions can still be data-informed

Institutions with fewer resources and FSPs in emerging markets can conduct topline evaluations to better understand how they serve women and where there are opportunities to reach the women’s market, even if they do not have significant means to overhaul their data systems or conduct in-depth data analysis. These institutions can review their portfolio of products and customer base to gain initial insight into which markets they serve well and where there are opportunities to expand their client base. The minimum set of information that institutions should strive to collect includes customer data on portfolios, savings, and products for a topline perspective. FSPs can also use workarounds, such as looking at prefixes (Mrs., Ms., or other titles) to infer sex without directly requesting this information from clients (although it is important to note that these inferences may not fully reflect a client’s gender identity). FSPs can consider administering surveys to not only understand how many and what kind of products women use, but also why they do or do not use a certain product, and what services they would be interested in accessing.

Data begets data but is most useful as a driver of strategy and to track results—balance is key

When institutions begin to gather data on who they serve and which customers are accessing specific products and services, these insights can prompt more questions. For example, we may know that women hold roughly the same number of products as men, but we may not be able to find out which type of products. Data can drive business strategies but may require resources for more sophisticated analysis. FSPs need to balance the need to understand their customers with not overburdening those responsible internally with information requests to generate more data than is necessary.

High-level advocacy within the financial services ecosystem can change norms—and expand women’s financial inclusion

FSPs, investors, national regulators, high-level champions at global financial institutions, and world leaders can use—and have used—their platforms to successfully make the business case for serving women, call for robust data infrastructure, and deploy resources for data collection and analysis to inform business strategies. FSPs can set examples for data disaggregation and use, demonstrating feasibility of collecting data and using it in their product offerings and decision-making. Regulators can request or encourage FSPs to track sex-disaggregated data on a number of variables in order to monitor and report on women’s financial inclusion locally. In some instances, FSPs have worked with their central banks and regulators to encourage collection of gender data. Multilateral finance and development institutions can require their private sector clients to report gender data as a lending condition. Global champions, from heads of state to financial inclusion thought leaders, can encourage regulators, banks, insurance companies, and other financial actors to sex-disaggregate data to inform evidence-based, inclusive market strategies. As financial service providers collect more data, they can contribute to the Bloomberg Gender-Equality Index, which offers comprehensive investment-quality data on gender equality, including customer base and satisfaction by gender.

Through this, financial service providers can publicly demonstrate their commitment to gender, attract new capital, and diversify their investor base.

Data can be subject to historical ebbs-and-flows of regulatory trends and political leadership—but in some cases, has been championed by the private sector first

Depending on the country context, gender data collection and use can evolve depending on regulatory trends and political leadership. For example, the Equal Opportunity Credit Act passed in 1974 in the US, and its implementing Regulation B, promoted equal credit access and prohibited financial institutions to make demographic inquiries. The Women’s Business Ownership Act was then passed in 1988 in the US, which allowed for women to obtain business loans independently (without a male co-signer), and added a provision that required the Census Bureau to report on women-owned C corporations (before this, the Census Bureau only counted self-employed women). US FSPs largely do not collect gender data from their customers, due to the prevailing legal interpretation that collecting sex-disaggregated data could be seen as discriminatory. This trend in legal interpretation could shift, especially with more exploration with the regulator. In a handful of countries, supply-side gender data collection and use have been led by the regulator. In the UK and Lebanon, where supply-side gender data is not mandated, champion FSPs have led the way to innovate around data collection and use to expand their own programs, and now are advocating with their fellow FSPs and regulators to make this more widespread. Private sector institutions can be champions and innovators in paving the way for gender data collection and use to increase inclusive finance.

Upcoming roundtables in the Data Driving Action for Women Dialogue Series will take place throughout 2019, focusing on the spectrum of challenges and solutions for FSPs at different stages of their data journeys. 15 The 2019 Bloomberg Gender-Equality Index includes 230 companies from ten sectors in 36 countries and regions.
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 Global Banking Alliance for Women (GBA), the Inter-American Development Bank (IDB), IDB Invest, the International Finance Corporation (IFC), the International Monetary Fund (IMF), and the World Bank Group (WBG). The partnership is convened by Data2X, a gender data alliance housed at the United Nations Foundation.

About BNY Mellon
BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries. As of March 31, 2019, BNY Mellon had $34.5 trillion in assets under custody and/or administration, and $1.8 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com. Follow us on Twitter @BNYMellon or visit our newsroom at www.bnymellon.com/newsroom for the latest company news.

BNY Mellon and the United Nations Foundation
Building on BNY Mellon’s long-standing partnership with the United Nations Foundation (UNF) and leadership in the financial services sector in advancing the economic empowerment of women and girls, BNY Mellon and Data2X’s Women’s Financial Inclusion Data (WFID) partnership are joining forces to encourage catalytic action by financial service providers (FSPs) on women’s financial inclusion through a new initiative: Data Driving Action for Women, a series of roundtables with FSPs on gender data. Under this initiative, select FSPs will be invited to participate in roundtables with WFID partners, showcasing and discussing how gender data can be used to target and expand the women’s market by tailoring products and services to better reflect their needs. The roundtable series will disseminate best practices on data and encourage dialogue and knowledge transfer among FSPs.

Previously, BNY Mellon and UNF partnered to produce two reports on the economic opportunity of closing global gender gaps, Powering Potential: Increasing Women’s Access to Financial Products and Services11 and Return on Equality: Investment Opportunities that Help Close the Global Gender Gap.12 The reports outline how private sector companies, investors, and asset managers can drive gender equality on a global scale.