

# The Way Forward: How Data Can Propel Full Financial Inclusion for Women

Data is one of the key elements necessary to create inclusive financial systems around the world. While many initiatives have been or are being developed to help increase the availability and use of sex-disaggregated demand-side (customer) and supply-side (institution) data, there are still critical data gaps in women's financial inclusion (WFI).

The **Women's Financial Inclusion Data** (WFID) partnership developed a Global Gender Data Strategy to explore and test the role of sex-disaggregated data in increasing financial inclusion for women. This publication synthesizes the strategy's key findings and identifies the opportunities for data production and use across stakeholders.

With more and improved WFI data, policymakers can design and monitor WFI interventions, and financial service providers (FSPs) can build a business case for targeting women as clients, which can ultimately lead to expanded financial access for women. The strategy argues that only through a unified and sector-wide approach to the collection, analysis and use of gender data will women's full financial inclusion be realized.

The Women's Financial Inclusion Data (WFID) partnership works to increase awareness about the importance of sex-disaggregated financial services data and 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). In 2017, the WFID partners looked to significantly expand the impact of their work, developing a Global Gender Data Strategy to determine the best approach to align and amplify existing activities, and advocate for critical gender data needs through a unified voice and set of interventions in the financial sector. With the support of the Bill and Melinda Gates Foundation, the partnership engaged McKinsey & Co. to develop the Global Gender Data Strategy. This was created using primary and secondary research including 30+ in-depth interviews, an online survey of 21 policymakers, six country case studies, and direct feedback from the WFID Steering Committee made up of 15 global senior-level representatives from multilaterals, banks, regulators and foundations.

## THE ISSUE

Women are an untapped market opportunity for FSPs. Women represent US\$28 trillion in consumer spending<sup>1</sup> and make up to 80 percent of consumer decisions worldwide;<sup>2</sup> however, they continue to be both unserved and under-served in the global financial system. For example, the global gender gap in account ownership is not narrowing, remaining at 7 percent;<sup>3</sup> there is an estimated US\$1.7 trillion finance gap for women-owned micro-, small- and medium-sized enterprises (MSMEs) in emerging economies<sup>4</sup>; and women worldwide are also more likely to be dissatisfied with banking services.<sup>5</sup> Research shows that addressing the untapped potential of women can result in macroeconomic benefits, including increased economic growth, reduced income inequality and, potentially, increased global financial stability.

Lack of data perpetuates gender gaps in financial inclusion. FSPs have consistently struggled to provide sufficient financial services to women, because they often do not have data needed to develop an accurate picture of the women's market, and therefore cannot build a business case for targeting women or monitor their own performance with the women's market. Simultaneously, regulators and other policymakers frequently do not have sufficient data to identify who is or is not being served (access to financial services), who is being served well (quality of financial services), and who is using what services and why (use of financial services). Therefore, they are limited in their ability to develop and monitor effective financial inclusion policies. Additionally, international finance institutions and development finance institutions (IFIs/DFIs) require sex-disaggregated data to design and monitor interventions to support WFI. Our research further found that key stakeholders and potential users are often unaware of existing data, and that there has been limited analysis to date on what data has been most impactful in driving WFI.

To understand what data will drive market development, it is important to consider: Which kinds of data present the greatest opportunity for impact on WFI? What data already exists, and who is producing it? What types of new data are needed? And which actors will be best able to produce and use the data in service of full financial inclusion for women?

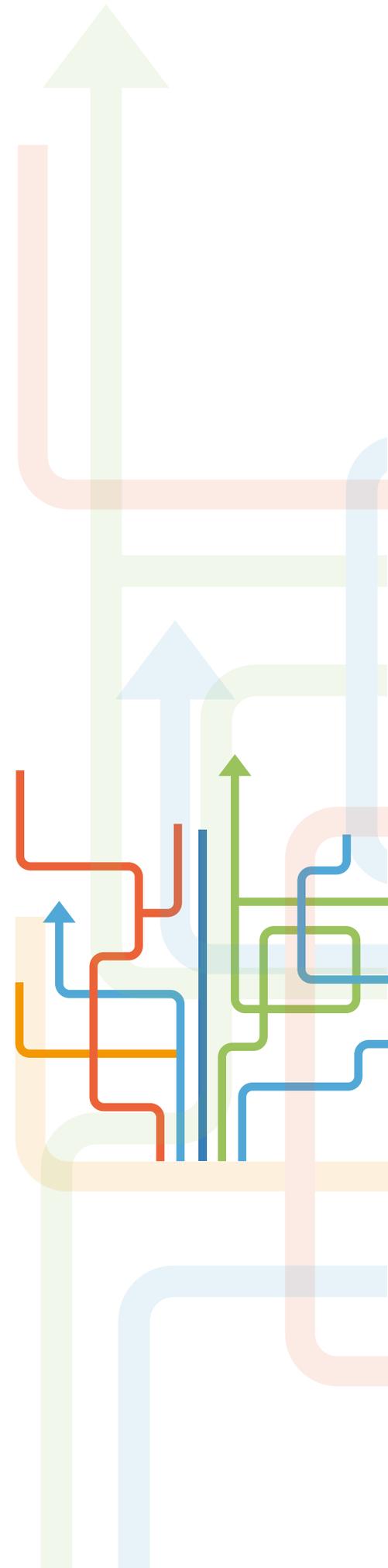
1 Michael J Silverstein, "Women Want More (in Financial Services)," BCG, 2009.

2 Bridget Brennan, "Why She Buys: The New Strategy for Reaching the World's Most Powerful Consumers," 2011.

3 World Bank; The Global Findex Database 2017, 2018.

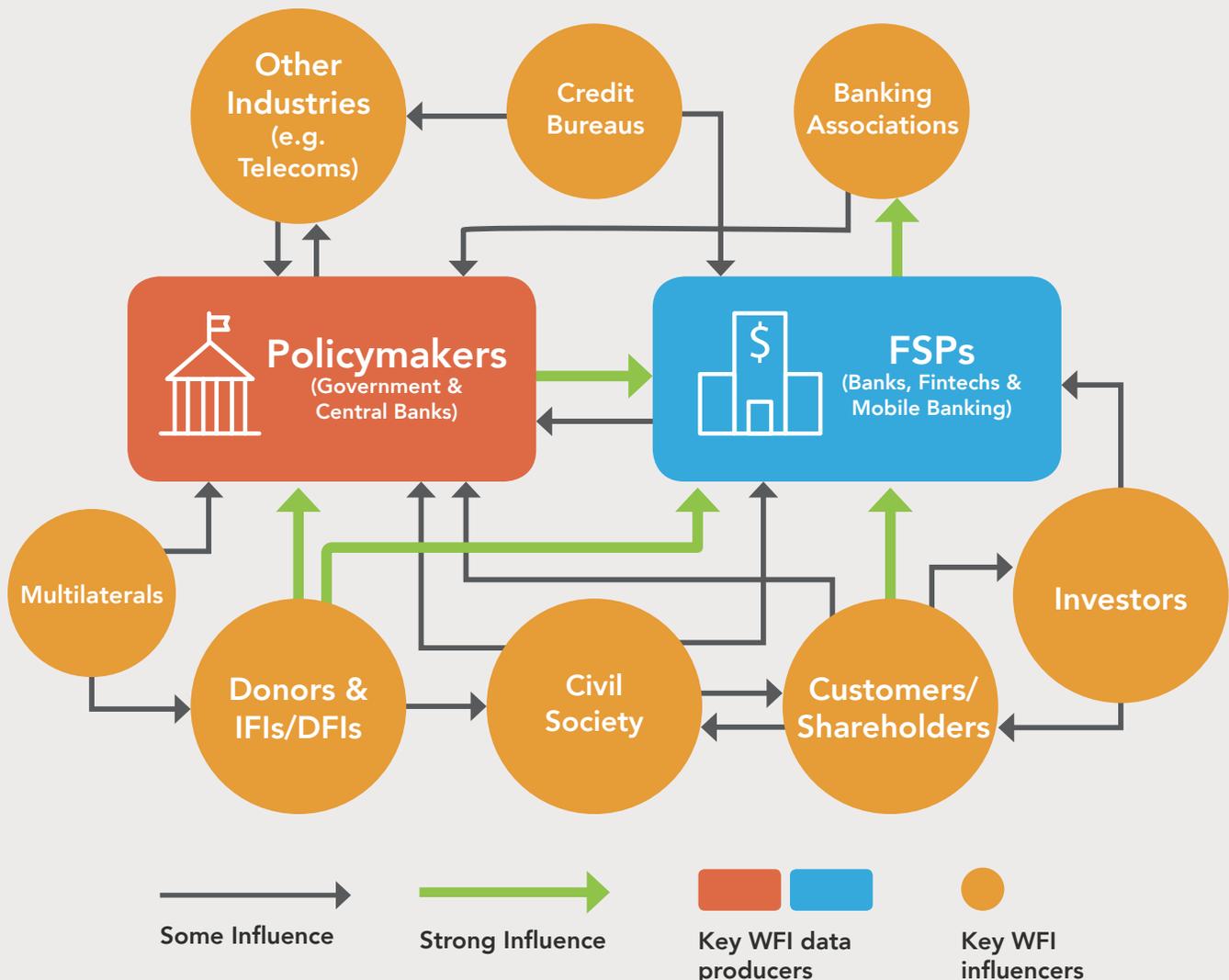
4 IFC, "MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets," 2017.

5 BCG, "Women Want More (in Financial Services)," 2009.



## DATA IN THE FINANCIAL SERVICES SECTOR

As part of the strategy development process, the WFID partnership mapped the full range of financial service data stakeholders, including existing and potential data producers and sector influencers. The strategy identified FSPs and policymakers as the major producers and users of financial services data, and donors and IFIs/DFIs, multilaterals, civil society and others as significant influencers on the production and use of data. This mapping underscores the interconnected nature of the sector and the importance of convening a range of stakeholders to promote the production and use of WFI data. Global-level supply-side data sets, for example, are aggregated from policymakers and FSPs, while global demand-side data is generated by multilaterals and others. These allow for cross-country comparison, and by highlighting best practice can encourage changes in data collection and inspire new products and services at the national level. The strategy found that it is this development of national-level WFI data ecosystems that is critical to encourage action to improve WFI. This improved national-level data in turn feeds more nuanced global-level data production and use.



# THE FRAMEWORK

The WFID partners identified how data facilitates the development of WFI champions – stakeholders who have themselves had an impact on WFI through either policy action or serving the market. These WFI champions are the final stage of the funnel framework below. The framework categorizes actors as moving through five stages: In the first phase, they are simply **unaware** of the relevance of WFI in their markets and economies; in the second stage, they become **aware** of the gaps; in the third stage, they **consider** acting in response to the knowledge they have attained; in the fourth stage, they take **action**, implementing strategies to close gaps; and in the final, fifth stage they demonstrate their impact and become **champions** of WFI. The strategy posits that data can play a significant role in moving actors and organizations along this pathway.

To inform the strategy, 21 policymaker members of the AFI Data Working Group were surveyed<sup>6</sup> to understand where they were on the path to

becoming champions of WFI. This research found that most policymakers in this group are aware of the WFI gap and understand the opportunity of achieving full financial inclusion for women, but have yet to take action on designing WFI initiatives or policies. The research further revealed that while high-level global data is useful for policymakers, expanding national-level data would greatly impact action on WFI.

Secondary information on FSPs was analyzed to understand where FSPs lie on the path of becoming WFI champions.<sup>7</sup> This analysis found that a majority of FSPs were in the first three stages – unaware, aware and consider – while only 30 percent were currently taking action and/or becoming a champion. Additional research also revealed the impact of the lack of market-level data among FSPs, which limits their ability to quantify the market opportunity, estimate market share and develop internal business cases.<sup>8</sup>

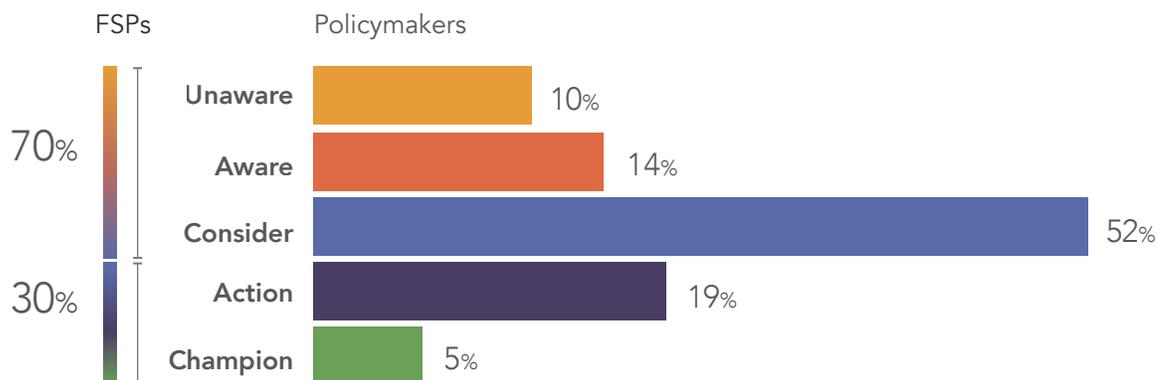
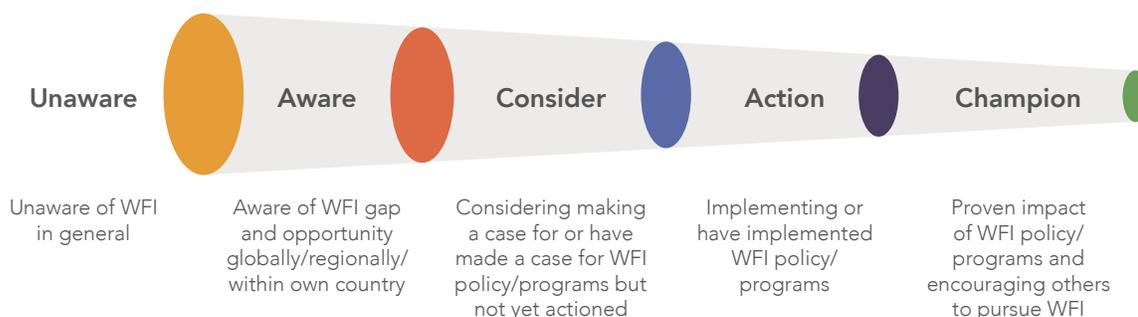
<sup>6</sup> This survey comprised a self-reported assessment of where each respondent considered they stood in regard to WFI policy.

<sup>7</sup> Research was conducted in 2014 and 2015 by McKinsey & Co. for GBA. A scan of the top 3 banks (by asset base) in top 50 countries was performed, totaling 173 banks.

An assessment of these banks was performed to determine their level of effort, if any, to target women using specific programs.

<sup>8</sup> GBA, "How Banks can Profit from the Multi-Trillion Dollar Female Economy," 2014.

## WFI Pathway



Research findings suggest that sex-disaggregated data helps actors move through each stage of the WFI Pathway. First, data helps demonstrate the importance of WFI; it then helps actors consider interventions that address the opportunities identified by the data; following this, it enables tracking of the initiatives; and finally, data proves the impact for champions who can inspire more to change. To determine where additional data will have the most impact, four Global Data Themes were developed across the pathway. These themes represent the data-critical action items that can help move actors from one stage to the next:

**I. Create case for change:**

- FSPs: How big is the global women’s market opportunity?
- Policymakers: How big is the WFI gap globally?

**II. Move to action:**

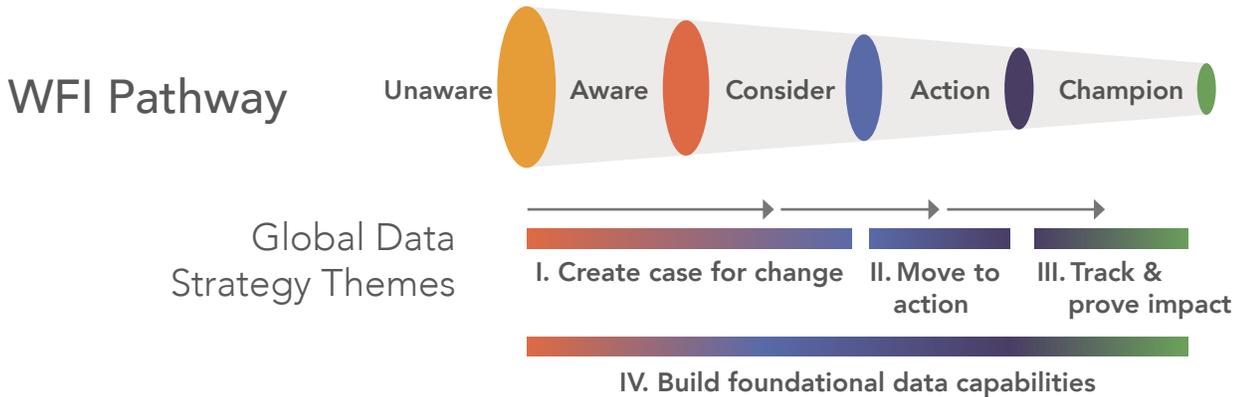
- FSPs: How big is the women’s market opportunity in my market? Does it make business sense to serve this market? Which segment(s) should we serve? How?
- Policymakers: Why is WFI important to my priorities? Which segment(s) should we prioritize? How can policies impact WFI?

**III. Track & prove impact:**

- FSPs: Did the women’s market initiative perform as expected?
- Policymakers: Did the policies have the intended effects?

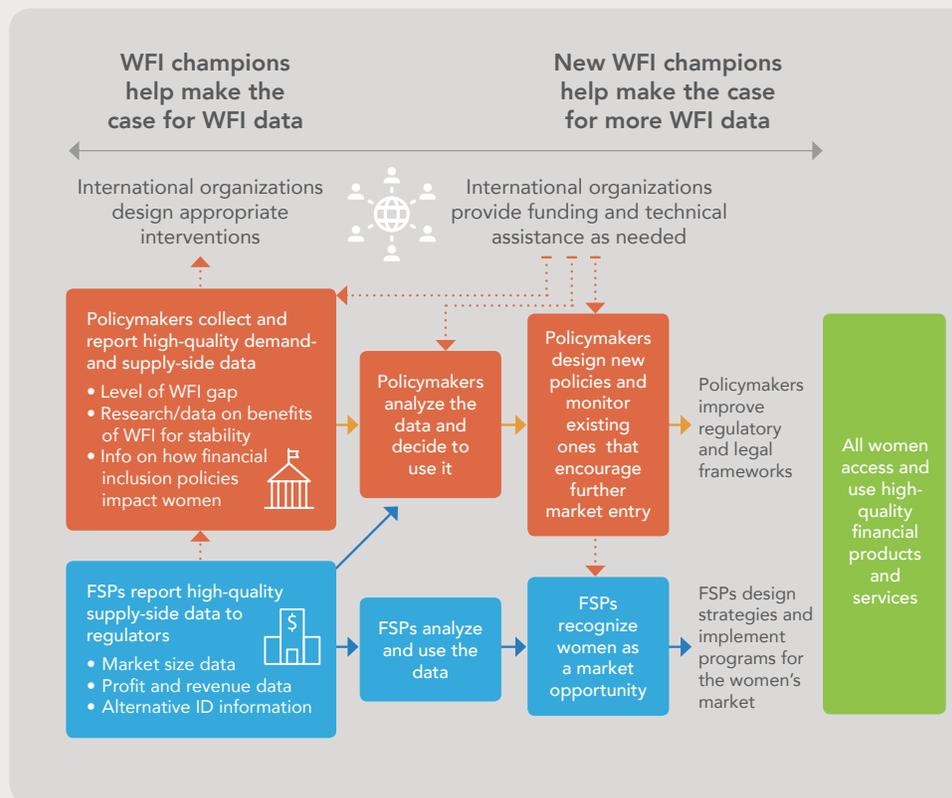
**IV. Build foundational data capabilities:**

- Both: What capabilities are required to ensure production and use of data?



**THEORY OF CHANGE**

Our research concluded that it is necessary to build and/or support a strong national-level data-driven financial inclusion sector in each country, and that each actor has a catalytic role in increasing production and use of data. Specifically, international organizations, policymakers, and FSPs can play a role in ensuring that sex-disaggregated data is produced and shared. More and better data can encourage market entry by FSPs, provide information to policymakers to help them develop better national policies, and help international organizations like IFIs/DFIs design interventions and create stronger enabling policy. WFI champions have a key role to play in sharing examples and promoting best practices that will, in turn, encourage the production of more and better data.



## THE DATA USE CASES

The WFID analysis revealed that sex-disaggregated data is particularly useful to help encourage actors to move from the *awareness/consider* stages to *action*; however, an in-depth analysis of available databases indicated that there are significant gaps in the data that is needed to move an actor through these stages. The following chart illustrates some of the critical data gaps and how the data can be used to answer key questions on WFI (i.e. a data use case). The WFID strategy posits that filling these data gaps could help drive stakeholders, specifically policymakers and FSPs, to move along the WFI Pathway to take *action*, helping to close the gender gap in financial inclusion.

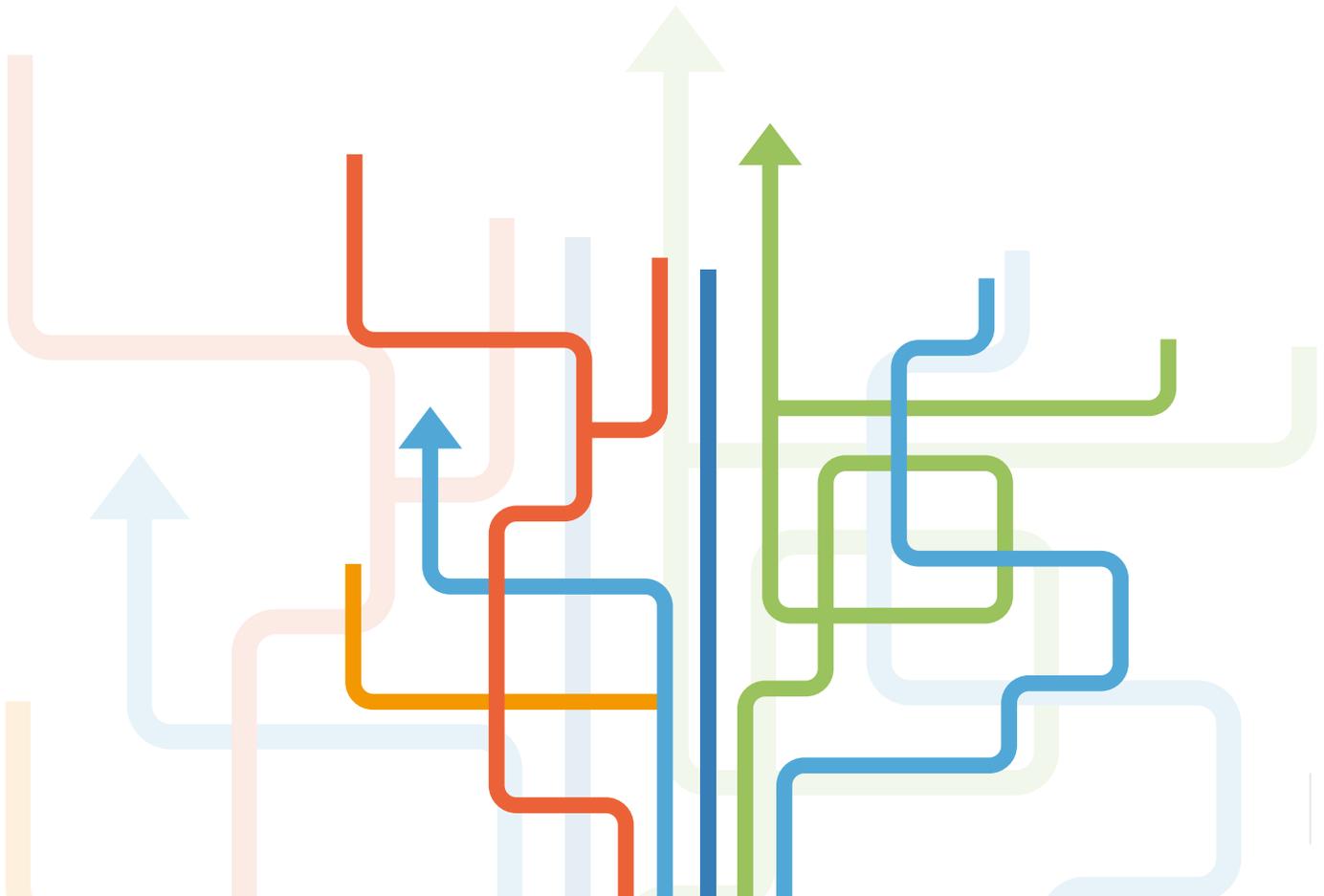
Highest-Impact Data Use Cases	Data Availability	Key Questions	Required Data Types
<b>Policymakers</b>			
Level of WFI gap, by sub-segment	■	Which sub-segment of the women's market should we prioritize?	<ul style="list-style-type: none"> <li>• Size of access/usage/credit gap per: women-owned SME, 16-25-year-old women, salaried women, no-income housewives, rural women</li> <li>• Size of gap by product (transactional account, deposit account, working capital loan, business loan, credit card, housing loan, etc.)</li> </ul>
Link to policymaker's objectives (macro-economic stability and development)	■	Why should we care about WFI?	<ul style="list-style-type: none"> <li>• Impact of WFI on national financial stability, integrity, and/or consumer protection</li> <li>• Lost GDP from limited access to/usage of financial products by women and potential for GDP increase with closed WFI gap</li> <li>• Lost productivity or job creation by limited access to/usage of financial services by women's SMEs</li> </ul>
Link evidence to policymaking	■	How can policies impact WFI?	<ul style="list-style-type: none"> <li>• Assessment of policies affecting access to and usage of financial services by women, e.g. <ul style="list-style-type: none"> <li>– Property ownership laws (access)</li> <li>– KYC data requirements (access)</li> <li>– Data request/sharing laws (usage)</li> <li>– Quality of WFI (affordability, convenience, literacy, choice)</li> </ul> </li> </ul>
<b>FSPs</b>			
Market size – national, by sub-segment	■	What is the size of the opportunity for serving women in our market?	<ul style="list-style-type: none"> <li>• Evidence of financial behaviors and needs specific to women at the country level</li> <li>• National or market-level (i.e. top-down) estimate of women's market opportunity (size of market, market share, access, revenue potential)</li> <li>• FSP level (i.e. bottom-up) estimate of women's market opportunity (revenue per product, profit per product, usage, cross-selling)</li> <li>• Country-level drivers that may impact financial behaviors (education, labor force participation rate, lifespan, etc.)</li> </ul>
Business case – profit and revenue	■	Is there a business case for serving women in our market?	<ul style="list-style-type: none"> <li>• Internal financial return (customer uptake, attrition, revenue, profit)</li> <li>• Impact on customers (loyalty, customer satisfaction, branding or net promoter score)</li> <li>• Investment required</li> </ul>
Alternative ID verification/ credit history/ KYC	■	How can we deliver alternative products/ services to women?	<ul style="list-style-type: none"> <li>• Alternative credit history data (i.e. leveraging telecoms, utilities, wholesale suppliers, retailers, governments, etc.)</li> <li>• Alternative identification data (i.e. leveraging national ID schemes, personal tax numbers, etc.)</li> </ul>

■ Limited data ■ Some data available

## WHAT COMES NEXT

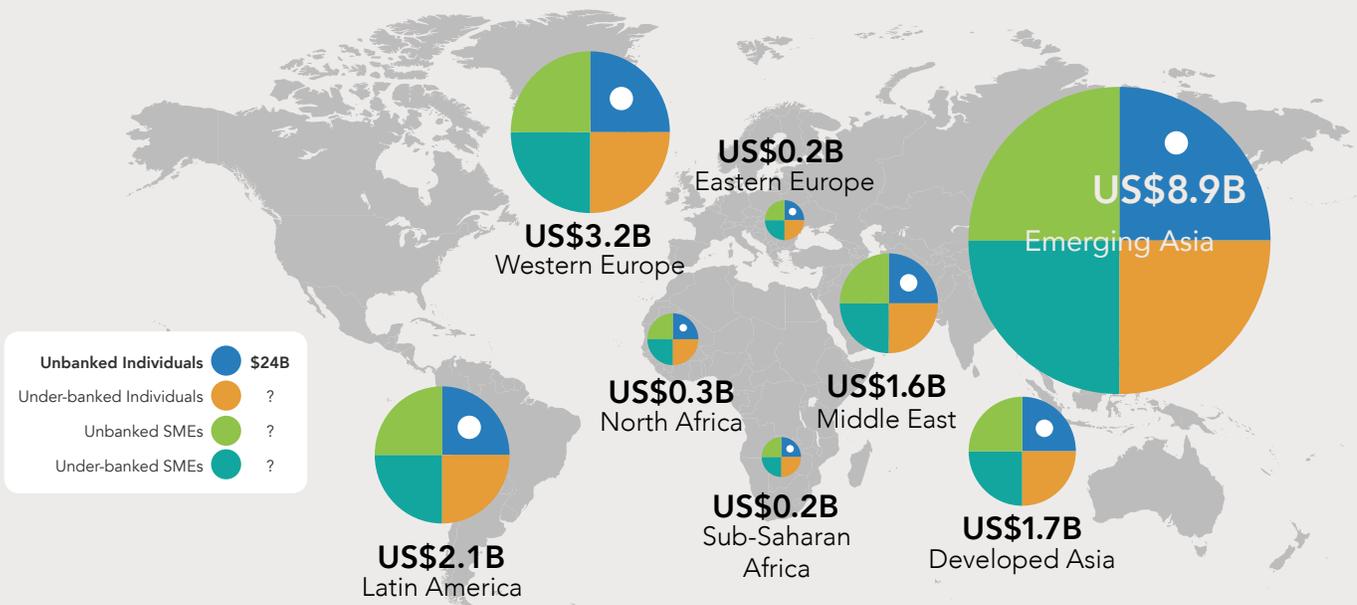
Based on the highest-impact data use cases, the strategy identifies key priorities for global datasets, as well as national- and organizational-level data collection and use. To make this truly effective worldwide, expanding data collection is only part of the equation. Developing the technical and analytical capabilities and expanding advocacy around this topic are essential building blocks.

	Global Level	National/Organizational Level
<b>Policymaker data</b>	<ul style="list-style-type: none"> <li>• Deepen/expand demand-side surveys to better understand financial and non-financial behaviors and needs</li> <li>• Research link between WFI and macro-economic stability and development</li> <li>• Sex-disaggregate current global supply-side databases</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure national demand-side surveys are disaggregated and that data is analyzed by sex</li> <li>• Add indicators to demand-side surveys to understand preferences and quality (e.g. potentially self-excluding from the system)</li> <li>• Collect, monitor and analyze supply-side sex-disaggregated data from the financial sector</li> <li>• Deepen research on unmet financial needs of women using supply and demand data</li> </ul>
<b>FSP data</b>	<ul style="list-style-type: none"> <li>• Expand sample size of supply-side surveys measuring FSPs' performance in women's market</li> <li>• Conduct sizing of women's market national opportunity, including revenue, profit and market share</li> <li>• Conduct more and better primary research into women's financial behaviors and needs</li> <li>• Partner with fintechs to obtain sex-disaggregated alternative data</li> </ul>	<ul style="list-style-type: none"> <li>• Collect and use sex-disaggregated data, including top-level portfolio data as well as more detailed revenue and profit analysis</li> <li>• Conduct more and better demand-side research on women's financial and non-financial behaviors and needs</li> </ul>



## Leveraging WFID Partner Data

By combining Global Findex data with McKinsey & Company's Global Banking Pools data, which includes standardized profitability metrics for main retail and wholesale banking products, McKinsey estimated that the opportunity of banking unbanked individual women alone could be greater than US\$24 billion. Further analysis shows the revenue potential of closing the financial inclusion gender gap by region.



Note that this analysis includes only unbanked individuals. The WFID partnership will expand it to include unbanked women SME owners/leaders and under-banked individuals and SMEs. Determining the revenue potential of achieving full financial inclusion for women will help encourage FSPs to tap into the huge business opportunity the women's market represents in their regions.

## A Unified Approach

Sex-disaggregated data is one of the key elements that can catalyze action to close the gap in WFI. The WFID strategy concludes that data can play a critical role in encouraging market entry for FSPs, with the greatest potential for impact in using data to encourage actors to move from awareness of the gap in WFI to taking action. FSPs and policymakers are uniquely positioned to close some of the data gaps, though IFIs/DFIs must also play a role. There is also widespread recognition that expanding the collection of new data is only part of the equation; developing capabilities and expanding advocacy are also essential building blocks. The WFID partners believe that only through a coordinated, sector-wide approach that includes alignment on definitions, measures, and actions will data be used to propel the full financial inclusion of women worldwide.

