



Towards Women's Financial Inclusion: A Gender Data Diagnostic of Honduras

Prepared for the WFID Partnership
2022

data2x^o

FINANCIAL
ALLIANCE
FOR
WOMEN



ACKNOWLEDGEMENTS

This publication was prepared for the Women's Financial Inclusion Data (WFID) Partnership. The Partnership thanks the following individuals for their work on this report: Benedikt Wahler, María Alejandra Ríos, Alba Herrera, Anna Gincherma, István Szepes, and Dóra Ayumi Solymos from the ConsumerCentrix (CCX) Inclusive Business Team, who conducted the research and provided sectorial insights, and the WFID team who worked on this study: Mayra Buvinic, Neeraja Penumetcha, Maria Dolores Vallenilla and Denise Bonsu from Data2X, and Inez Murray, Rebecca Ruf, and Tessa Ruben from the Financial Alliance for Women. We also acknowledge Ann Moline and Ernie Agtarap for their roles in the production of this report.

We thank all participants of the WFID gender data working group for their valuable insights during the development of this diagnostic, especially the Inter-American Development Bank (IDB) as co-chair of the group. This diagnostic was made possible thanks to the generous financial support and cooperation of the Bill & Melinda Gates Foundation.

CONTENTS

ACKNOWLEDGEMENTS	2
ABOUT WOMEN'S FINANCIAL INCLUSION AND THE WFID PARTNERSHIP	6
ABOUT THE GENDER DATA DIAGNOSTIC	8
EXECUTIVE SUMMARY: HONDURAS	9
OVERVIEW: WOMEN'S FINANCIAL INCLUSION IN HONDURAS	12
BARRIERS TO WOMEN'S ACCESS TO FINANCIAL SERVICES	14
ENABLING POLICY ENVIRONMENT ON WFI	15
SIZE OF THE MARKET OPPORTUNITY	17
HONDURAN FSPS AND WFI	17
ROLE OF RESEARCH INSTITUTES, DONORS, AND DEVELOPMENT FINANCE INSTITUTIONS	19
MAPPING HONDURAS' SUPPLY-SIDE DATA ECOSYSTEM	20
DIGGING DEEPER: GAPS AND OPPORTUNITIES IN SUPPLY-SIDE DATA COLLECTION AND USE	22
DATA PRODUCERS	22
DATA AGGREGATORS AND USERS	27
OPPORTUNITIES: LEVERAGING EXISTING EFFORTS TO ADVANCE PROGRESS	29
LESSONS LEARNED FROM HONDURAS' EXPERIENCE	31
RECOMMENDATIONS	32
APPENDIX A. FORECASTING MODEL DESCRIPTION	37
APPENDIX B. WOMEN'S MARKET OPPORTUNITY CALCULATIONS	42
REFERENCES	45
ENDNOTES	46

List of boxes

Box 1. HONDURAS AT A GLANCE	12
Box 2. INDIVIDUAL-LEVEL DATA: WHAT IT IS AND WHY IT IS IMPORTANT	26
Box 3. A PROMISING MODEL: THE INVESTING IN WOMEN CODE	35

List of figures

Figure 1 - Stakeholder pathway to champion women's financial inclusion	7
Figure 2 - Modeling women's market opportunity in Honduras	9
Figure 3 - Projected gender gap in access to finance (%)	13
Figure 4 - Timeline of NFIS/WFI in Honduras.	16
Figure 5 - Honduras' supply-side financial data ecosystem	21

List of tables

Table 1. CNBS's Financial Inclusion Information System (SIIF)	28
Table 2. Opportunities to be leveraged	30
Table 3. Connecting the findings from the Honduras Gender Data Diagnostic to data gaps and interventions	32

List of acronyms

AHIBA	Asociación Hondureña de Instituciones Bancarias
AFI	Alliance for Financial Inclusion
BANHPROVI	Banco Hondureño para la Producción y la Vivienda
BCH	Banco Central de Honduras
CACEENP	Cooperativa de Ahorro y Crédito de Empleados de la Empresa Nacional Portuaria
CCX	ConsumerCentriX
CdIC	Central de Información Crediticia
Ceproban	Centro de Procesamiento Interbancario
CNBS	Comisión Nacional de Bancos y Seguros
CONSUCOOP	Consejo Nacional Supervisor de Cooperativas
DFI	Development finance institution
FACACH	Federación de Cooperativas de Ahorro y Crédito de Honduras
FSP	Financial service provider
GDP	Gross domestic product
GEM	Global Entrepreneurship Monitor
IDB	Inter-American Development Bank
IDBI	IDB Invest

IFC	International Finance Corporation
IMF	International Monetary Fund
MFI	Microfinance institution
MSME	Micro-, small-, and medium-sized enterprises
NPL	Non-performing loan
OECD	Organisation for Economic Cooperation and Development
OPD	Organizaciones Privadas de Desarrollo
OPDF	Organización Privada de Desarrollo Financiero
POS	Point of sale
REDCAMIF	La Red Centroamericana y del Caribe de Microfinanzas
REDMICROH	La Red de Microfinancieras de Honduras
SIIF	Sistema de Información de Inclusión Financiera
UNCDF	United Nations Capital Development Fund
WFI	Women's financial inclusion
WFID	Women's financial inclusion data
WSME	Women-owned and women-led small and medium-sized enterprises

ABOUT WOMEN'S FINANCIAL INCLUSION AND THE WFID PARTNERSHIP

Global awareness and political will around women's financial inclusion (WFI) are at an all-time high, yet the gender gap in financial inclusion persists. Women remain both unserved and underserved compared to men in all segments, from bottom-of-the-pyramid to high-net-worth. These gaps continue because of a widespread lack of awareness of the multi-trillion-dollar opportunity to serve the women's market. Gaps in the collection, quality, and usage of gender data pose a major barrier to growing awareness and developing strategies that tap into it.

Gender data is key for financial service providers (FSPs) to understand the nature of the gender financial inclusion gap and the women's market opportunity and to create tailored solutions for women. It is also a critical input for policymakers to design and monitor policy interventions that increase women's financial inclusion.

In 2014, against this backdrop, leading proponents of women's financial inclusion formed a coalition to increase the availability and use of sex-disaggregated financial data. The Women's Financial Inclusion Data (WFID) Partnership includes 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 World Bank Group (WBG), the Organisation for Economic Cooperation and Development (OECD), and the United Nations Capital Development Fund (UNCDF).

The WFID Partnership is coordinated by Data2X, a United Nations Foundation initiative. The Financial Alliance for Women is its technical lead.

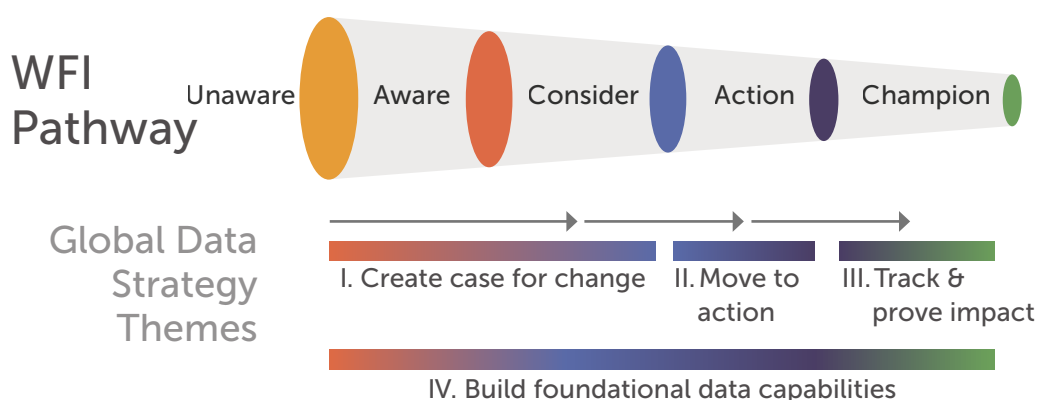
THE WFID PARTNERSHIP'S THEORY OF CHANGE

In 2017, the WFID Partnership developed a global gender data strategy with the support of McKinsey & Company. The strategy included the WFID Partnership's theory of change. This theory of change holds that the production, availability, and use of sex-disaggregated data on the demand for and supply of financial services will enable financial service providers (FSPs) and policymakers to take action toward closing the financial inclusion gender gap.

Data helps actors move through the WFI pathway by increasing awareness, catalyzing action, and ultimately leading to the development of WFI champions—stakeholders who have had an impact on WFI through either policy action or serving the market.

These WFI champions are the final stage of the funnel framework shown in Figure 1 on the next page. FSPs and policymakers move through a WFI pathway¹ with five stages: from being simply unaware of the relevance of WFI; to becoming aware of the gaps; to considering action in response to the knowledge they have attained; to implementing strategies to close gaps; and finally, to demonstrating impact and becoming champions of WFI.

Figure 1. Stakeholder Pathway to Champion Women's Financial Inclusion



The WFID Partnership's theory of change is based on the significant role that data can play in moving actors and organizations along this pathway. **With more and improved sex-disaggregated financial data, policymakers can design and monitor WFI interventions, and FSPs can both see the market opportunity and build a business case for targeting women as clients.**

The strategy also found that many of the global and national-level data gaps are on the supply-side versus the demand-side. In addition, the strategy stressed that the development of gender data is most effective in improving WFI if efforts are at the national level versus international; as the process of creating awareness encourages local players to act and move through the pathway.

In 2020–2022, WFID is working in six countries (Bangladesh, Honduras, Kenya, Nigeria, Pakistan, and Turkey) to test its theory of change and develop gender data supply-side interventions to increase women's financial inclusion in partnership with the public and private sectors.



ABOUT THE GENDER DATA DIAGNOSTIC

Before designing interventions, the WFID partnership undertook diagnostics of each of the six pilot countries to understand the state of gender data at the national level. This diagnostic includes mapping the data value chain, understanding what is being tracked and by whom, identifying gaps and opportunities in gender data collection, and developing recommendations for areas of intervention. This entailed the following activities:

- Reviewing existing literature;
- Conducting a survey of a majority of FSPs in each nation's financial sector;²
Interviewing public, private, and non-governmental stakeholders;
- Conducting comprehensive modeling to estimate the women's market opportunity in each country (see Appendix A); and
- Conducting predictive modeling to estimate the WFI gap in the future (see Appendix B).

Although the diagnostics were developed as part of the WFID Partnership's intervention plans, they can also become a blueprint for governments, FSPs, and other stakeholders who are interested in improving their own gender data ecosystems.

EXECUTIVE SUMMARY: HONDURAS

This gender data diagnostic revealed that Honduras is making good headway in the collection, production, and analysis of sex-disaggregated financial data—a particularly notable accomplishment given the country's small size and economic challenges. The main bank regulator, Comisión Nacional de Bancos y Seguros (CNBS), has taken the lead and spurred progress. CNBS has mandated the reporting of a few data points, including overall number of accounts and total balances disaggregated by sex, for a number of years. In 2019, CNBS expanded its gender data collection efforts to request individual client-level sex-disaggregated data reporting.

The regulator has started publishing reports based on the information it gathers.³ This also includes sex-disaggregated data from the nation's credit registry, which is housed in CNBS and which has always included gender data at the individual borrower-level in its reporting. CNBS' reports are already revealing a strong business case for FSPs to invest in women's offerings.

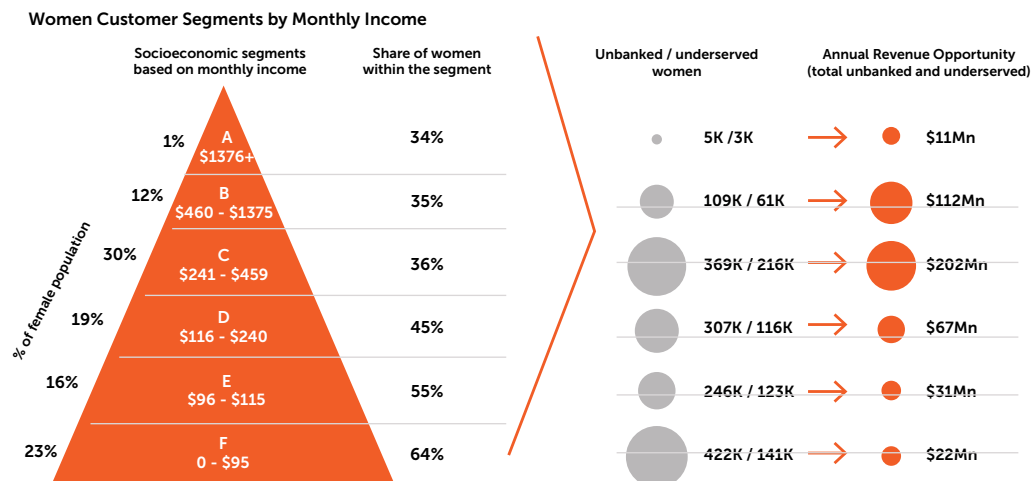
Now, CNBS is putting in place upgraded systems and processes, including a shift to an electronic reporting platform. Along with these changes, **individual-level sex-disaggregated data reporting by regulated FSPs will become mandatory.**

By the numbers:
The scope of the untapped opportunity in women's financial services


81%
of Honduran women are excluded from or underserved by financial services;

More than USD\$446 M (HNL 11 B)
Potential annual banking revenue from expanded financial services offerings targeting women across segments

Figure 2 - Modeling women's market opportunity in Honduras



There is strong political will and an acknowledgement that progress on financial inclusion is critical to the nation's economic advancement.⁴ Currently, 81 percent of Honduran women are excluded from or underserved by financial services, while 71 percent of men are excluded.




Honduras is ahead of many of its larger peers in the region because of CNBS's leadership and prioritization of gender data. CNBS is building on its established foundation with additional plans to advance the WFI agenda, including a shift from optional to required reporting of individual-level gender data, slated for 2022.

Honduras also stands out because a number of banks are at a relatively advanced stage on the WFI pathway. Several have women's market solutions in place already, while others are actively exploring the introduction of women-centric offerings. There is growing interest in the women's market among FSPs, driven by women FSP leaders, support from international donors such as IDB and IDB Invest, and exposure to use cases and success stories from peers in the region, by way of the Alliance's All-Stars Academy.

Another positive finding of the diagnostic is that most Honduran FSPs collect sex-disaggregated data at the individual client level. There are opportunities for improvement in collection and use, however. For example, FSPs currently report gender data at the account-level only. Since they are not providing individual client-level detail, without accounting for the possibility that a person holds multiple accounts, there is a risk of double-counting. This also limits the data's use in analyzing usage patterns and needs that may not be fully met for client segments. And, as with FSPs in many countries, there is little data on incorporated businesses that are women-owned or -led. This is because the collection of client data and how it is captured in IT systems does not incorporate the sex of shareholders or management for purpose of classification.

Without a deeper consolidation of the available supply-side data across FSPs—and ideally across the various sub-sectors of the financial system—it remains difficult to glean detailed insights that could uncover gaps or highlight opportunities within the Honduran market or determine the precise state of financial inclusion. Such consolidation would require sharing unique (anonymized) client identifiers together with information on a client's usage of products and services. As a first step, though, **FSPs could increase usage and usefulness of the data they already have in their systems by incorporating it into regular management reporting.**



Honduras' supply-side ecosystem also includes FSPs such as co-ops and microfinance institutions (MFIs), which are regulated by entities other than CNBS. They generate sex-disaggregated data due to a legacy of donor reporting and, for many, a mission focused on women. In general, data insights are not used to inform decisions for these FSPs. As a group, they represent an important player in Honduras' financial system and in advancing WFI. This is due to the vast number of clients they serve and the appeal of their offerings for women. Given their role, plans for a future data ecosystem should also prioritize these FSPs.

In contrast to the availability of supply-side data, demand-side data on individuals and businesses is limited. Global Findex is the only recurring demand-side survey in Honduras and there are time lags on the data. This too is about to change, with the completion of upcoming demand-side studies of some women customer segments by IFC and IDB. Given the lack of data about the un- and underserved and their financial needs, the market modeling for this research may include overly cautious assumptions. The full women's market opportunity could be larger than the estimated \$446 million (HNL 11.3bn⁵) in annual revenue as a result.

To build on Honduras' strong gender data efforts and to optimize the impact for WFI, priority efforts should focus on:

- Building CNBS and FSP capacity to use data for evidence-based decision-making, including how to turn supply- and demand-side data into business case and market sizing insights, as well as to identify what works and what does not.
- Increasing awareness across FSP management through promoting use of existing data and demonstrating ways to deploy gender data internally at FSPs.
- Facilitating incorporation of data from other key financial services industry sector into CNBS's gender data efforts to ensure full coverage, with particular focus on players likely to drive WFI and those with WSME as clients.
- Supporting the creation of a data hub for use by regulators and FSPs.
- Mobilizing the entire financial sector on shared purpose to drive further progress on WFI, perhaps through tangible commitments such as with the United Kingdom's Investing in Women Code.⁶
- Leveraging ongoing and upcoming donor activities to test out and learn best practices, including developing and sharing case studies based on experiences.

OVERVIEW: WOMEN'S FINANCIAL INCLUSION IN HONDURAS

Box 1. HONDURAS AT A GLANCE

ECONOMY

- Lower middle-income country
- Extreme vulnerability to weather events

SOCIOECONOMIC STATUS

- Growing youth population
- High levels of poverty: second highest poverty rate in Latin America and Caribbean region
- Wide gender gap in labor force participation: 48% of women work; 75% of men work

WOMEN IN BUSINESS & FINANCE

- Reliance on self-employment and informal sector: 43% of all working women are self-employed; 81% of working women are employed in informal sector
- Women represented in regulatory and financial services leadership: female president of CNBS led push for reporting sex-disaggregated data; a woman heads the board of Banco Hondureño para la Producción y la Vivienda (BANHPROVI), a leading development bank
- Several leading banks have women as CEOs or in key decision-making positions
- More women than men hold managerial positions
- Nearly 55% of Honduran companies have female participation in ownership; 26.5% are majority women-owned; both rates above the regional average
- Interest rates for women's business loans are nearly 20% higher than for men

FINANCIAL INCLUSION, ADULTS 18 YEARS AND OLDER

- 55% of men hold formal bank accounts; 42% women
- 16% of men borrowed from a financial institution in the past 12 months; 11% women
- 20% of men saved at a financial institution in the past 12 months; 12% women
- 3% of women hold mobile money accounts
- Several commercial banks have in place or are preparing women-focused value propositions
- Among banked women, lowest levels of activity/account usage in the region

WOMEN'S POLITICAL PARTICIPATION

- Honduras ranks 85th out of 155 countries for women's political empowerment
- 21% women in parliament
- 28% female ministers

Sources for statistics: World Bank Microdata, 2017, IMF World Economic Outlook, April 2020 (forecasts) and October 2019, WEF 2021, Global Findex 2017, World Data Lab/World Poverty Clock and Population Clock, 2019, and CCX Interviews. Note that the results for adults 18+ based on Global Findex raw data, but not on adults 15+, as in the original data. This is consistent with Honduran law, stipulating that one must be 18 years or older to open an account in one's own name.

Honduras has made significant progress in expanding overall financial inclusion in the past decade, with more Hondurans involved in the banking system than ever before.

Honduras has outperformed other lower middle-income countries as well as other Latin American peers in the relative growth of its financially included population between 2011 and 2017. This is particularly notable for women, with a 121 percent increase in women's access to formal finance in Honduras, compared with 47 percent increases for Latin America and the Caribbean and 126 percent for lower middle-income countries.⁷

However, this progress was due primarily to a significantly lower starting point. So, Honduras still lags behind both sets of peers, and the gender gap remains.

The rapid growth initially contributed to shrinking the gap, bringing women's account ownership up from 57 percent to 82 percent of men's levels. Since 2014, however, the absolute gender gap has stagnated at more than 9 percentage points— more than the gender gaps for Latin American peers (6.2 percentage points) or the 3.3 percentage points of five other countries at comparable stages of development.⁸

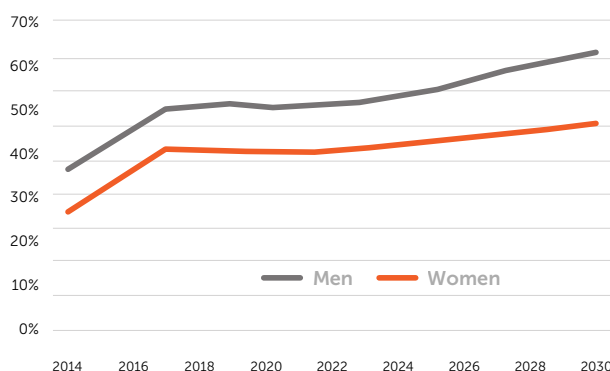
Even though overall inclusion has probably progressed in the ensuing years, the gender gap has not receded. Between 2017 and 2020, the number of accounts held by women grew by about 17 percent, while the number of accounts held by men grew 22 percent⁹.

In addition, when viewed through an intersectional gender and socioeconomic lens, the progress is quite uneven. Today, while women represent about 47 percent of the overall number of Honduran account holders,¹⁰ female account holders disproportionately come from the educated, higher-income brackets of society.

KEY TAKEAWAYS

- Honduras has made progress in overall financial inclusion. However, the gender gap in account ownership remains well above regional and developmental peer countries, particularly in the lower-income brackets.
- Generation, collection, and analysis of sex-disaggregated financial data are relatively new and represent a positive development, especially compared to regional peers.
- There are issues with data quality and gaps in collection and analysis (both retail and SME).
- A regulatory push served as the initial impetus for the collection of gender data. Plans are underway to require FSPs to report gender data, which should increase supply-side data availability.
- Limited availability of demand-side data contributes to the difficulty in assessing true market potential.
- Several Honduran banks have launched or are preparing to launch women's market offerings.
- Donors, international organizations, and development finance institutions are an increasingly significant force in driving WFI, increasingly through support for FSPs and demand-side research.

Figure 3 - Projected gender gap in access to finance (%)



Eighty-three percent of women with a post-secondary education own bank accounts, almost on par with their male peers. However, only one in three women with a primary education own accounts, compared to 43 percent of men with a similar education.¹¹

The income divide is similarly stark: 61 percent of women in the richest fifth of households own accounts, compared to just 30 percent of women in the poorest quintile. **Vast swaths of the female population remain unbanked or underserved by financial services, many of them unemployed or lower income women working in the informal economy.**¹²

“The financial system is concentrated in Honduras’s developed zones. Women are not included at all in the regions outside these zones, which are poor and disconnected.”

—Public Sector Executive

Thus, the greatest gender gap in financial services appears to coincide with gender gaps in economic inclusion. If no action is taken, and without innovative solutions to reach lower-income women, **there’s a serious risk that the gender gap could nearly double in the coming years to 16 percent**, as modeled by the gender gap projections shown in Figure 2 (for the forecasting model’s description, please see Appendix A).

BARRIERS TO WOMEN’S ACCESS TO FINANCIAL SERVICES

Certain segments of Honduras’s female population face major barriers to accessing financial services. These include low-income women and those outside the workforce, women with low levels of education, and the rural poor.

In rural areas, accounting for nearly 45 percent of Honduras’ population, traditional brick and mortar banking approaches will not work¹³ because there are few centers of commerce or infrastructure such as roads and public transport. But even in more urban centers, poor women are the most financially excluded.

FSPs are currently focused more on the banked population of Honduran women. So, serving these unserved and underserved women customer segments does not align with FSPs’ strategic priorities or business models. For instance, even mobile wallets require smart phone ownership and connectivity, both of which may be outside the grasp of many poor Honduran women.

Women pay more for financial services in Honduras. Female borrowers consistently pay 5.8 percent more each year for business loans than men (almost one-sixth in relative terms) and 2.6 percent more for microcredit.¹⁴ This differential is likely due to several factors. On the demand side, women typically request smaller loans, which carry a larger share of processing costs. Many women also lack traditional collateral requested by banks. On the supply side, unconscious bias could play a role. Women’s businesses tend to cluster in industry sectors that may be perceived as higher risk by lenders. In addition, credit scoring models often integrate factors that structurally disadvantage women, such as education and income levels.¹⁵ Such issues work against women, even though they demonstrate better repayment behavior across all loan categories.¹⁶ **High borrowing costs could be a deterrent for women business owners who would otherwise access financing.**

In addition, on-going **pandemic-related disruptions and their disproportionate impact on Honduran women pose major challenges to progress on women's financial inclusion.** Recent studies suggest that female employees—who may have been laid off or who may have left jobs due to additional childcare burdens—faced particular difficulties, as did rural women. Two major hurricanes in late 2020 further compounded these issues.¹⁷

The pandemic has also stalled momentum for WFI at the institutional level, with delays in the implementation of planned regulatory and FSP initiatives.

ENABLING POLICY ENVIRONMENT ON WFI

In September 2014, the Honduran government represented by the Comisión Nacional de Bancos y Seguros (CNBS), the nation's primary financial regulator, committed to the Maya Declaration, a global initiative for responsible and sustainable financial inclusion.¹⁸ At the same time, work began on a national financial inclusion strategy (ENIF) and mobile financial services regulation. CNBS also began to produce the first regular reports on the status of financial inclusion in the country.¹⁹ While the intent was good, the strategy proved less effective than it could have been because it was under-resourced.

Building on the strategy, CNBS began to focus specifically on women's financial inclusion, placing a priority on gender data. It has mandated the reporting of a few sex-disaggregated aggregate data points, including overall number of accounts and total balances disaggregated by regulated FSPs for several years.

Furthering these efforts, CNBS began engaging banks to source individual-level sex-disaggregated data covering a broader range of usage indicators in 2019, an effort supported by the Toronto Centre.²⁰ However, at the time, banks were not fully aware of the overall importance of gender data or how they could benefit from intensified data collection efforts. Banks also indicated a potential point of contention: their legal obligations regarding the privacy of clients' financial information. This would require process safeguards in the extended reporting requested by CNBS. Piloting a solution suggested by banks, CNBS worked with the Honduran banking association (AHIBA) on a process in which requested sex-disaggregated data would be delivered to a third party jointly owned by 14 commercial banks, Centro de Procesamiento Interbancario (Ceproban). This solution was implemented and today, Ceproban's transaction processing center anonymizes and consolidates the data of individual clients across banks and passes it along to CNBS.

"As a financial regulator, we can foster an inclusive ecosystem through a gender lens and data collection can help improve decision-making...We believe that collecting sex-disaggregated data is a great starting point in building business models for financial oversight authorities, especially in financial services that target women."

—Ethel Deras, President, CNBS, as quoted in a March 2021 interview with AFI

There is a notable increase in supply-side sex-disaggregated data availability

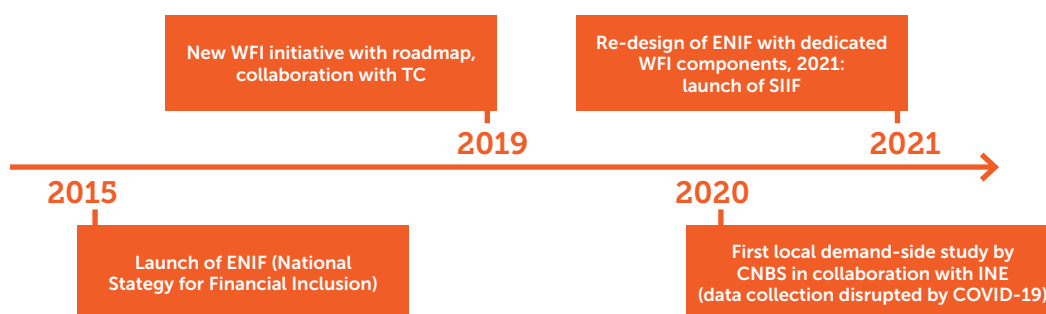
today—a direct result of CNBS's actions. CNBS routinely gathers and analyzes the sex-disaggregated data. The regulator produces publicly available gender and financial inclusion reports that it uses internally to raise awareness and build capacity. This purposeful approach lays a solid foundation for additional progress going forward.

Enhancements to expand the scope of data collection are in the works now. The onset of COVID-19 delayed a planned update to make individual-level sex-disaggregated data reporting a requirement, rather than an option. As of the writing of this report, CNBS was on track to make these changes through the end of 2021 and into 2022. Plans also include the introduction of an electronic financial inclusion information system (Sistema de Informacion de Inclusion Financiera, SIIF) for FSPs directly supervised by CNBS,²¹ which includes sex-disaggregation and individual identifiers for all data points. Beyond a client's sex, their profession, level of education, date of birth, municipality of residence, and income level are also to be reported.²² With cooperatives and non-deposit-taking MFIs, important players in Honduras' financial services ecosystem will not yet be covered as they are not directly supervised by CNBS.

Once available, the new datasets will enable more sophisticated analyses, contributing to the business case for WFI. Data at the individual client level can reveal usage patterns and thereby yield actionable insights that can guide FSPs on the types of offerings that will resonate with women customer segments.

Going forward, such insights will help enhance engagement between CNBS and FSPs, building alignment on the business value of gender data and strengthening FSPs' commitment to regulatory policies. In turn, this will create a united front to increase WFI in Honduras, mobilizing commercial interest in applying a gender lens to product offers and in ways to reach excluded segments of the population.

Figure 4 - Timeline of NFIS/WFI in Honduras



SIZE OF THE MARKET OPPORTUNITY

The market modeling undertaken for this diagnostic estimated an **annual revenue opportunity of \$446 million from across women customer segments for Honduran FSPs**. The largest revenue opportunity lies in underserved customer segments, such as women with average monthly incomes ranging between \$241 and \$1,375. (See Appendix A for more detail.)

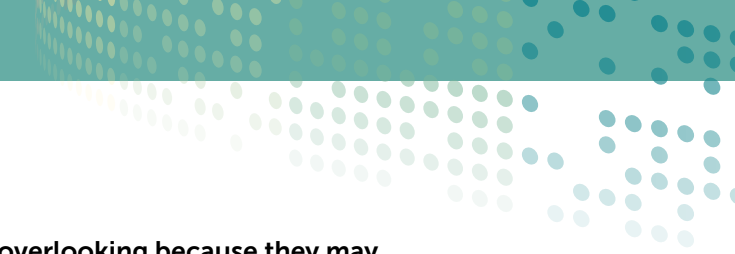
This likely does not represent the full scale of the opportunity, since the numbers are based on limited data, particularly on the demand side. To date, Global Index is the only recurring demand-side survey available. While this survey does provide some information, time lags on the data lessen its usefulness. However, this is about to change, with the completion of IDB's study of WSMEs and IFC's regional study of women customer segments.

HONDURAN FSPs AND WFI

Momentum for women's market offerings is building in Honduras. Two prominent banks—BAC Credomatic and Banrural—have launched women's market offerings. These banks account for more than 40 percent of service locations, 18 percent of loans, and 19 percent of deposits.²³ In addition, two of the top five banks by assets, Banco Financiera Comercial de Honduras (Ficohsa) and Banco del País, are actively preparing to introduce women-focused financial offerings. So, too, are two medium-sized commercial banks: Banco Lafise and Banco Promerica. Co-ops, including Banrural, Elga Cooperativa (Honduras' largest), and Cooperativa de Ahorro y Crédito de Empleados de la Empresa Nacional Portuaria (CACEENP), a gender-certified co-op, have also launched women's market offerings.

While not specifically focused on women, the two licensed e-money providers, Tigo and Ficohsa subsidiary Tengo, have seen strong uptake from women. Their approach, featuring mobile interfaces and large agent networks, represent a differentiator for women who may face time and mobility constraints. Combined, they have more than one million clients, a majority of whom are women. However, net user growth in this sub-sector appears to have leveled off in recent years. Increased use of gender data could reveal ways to spark new growth, as could a heightened focus on their female customers.²⁴

Honduras' overall progress to date represents a notable accomplishment—particularly significant given the regulator's small size and budgetary limitations. It's due in part to the growing number of women in business, financial, and political leadership who have used their voice and power to amplify the message of women's economic empowerment and equality. For example, CNBS, AHIBA, and Banhprovi—the national development bank—are all led by women.



But there's more opportunity that FSPs could be overlooking because they may not be maximizing use of available data to inform decision making. For example, the available supply-side data shared by CNBS in its gender gap reports indicates that women are strong savers. They have above-average savings account balances, estimated at about 6 percent higher than balances held by men. And they are more likely to have savings accounts than men, as share of their economically active population.²⁵ This suggests that women represent a stable source of deposits for banks. The rapidly growing remittances market also offers strong potential; 70 percent of remittance inflows go to Honduran women.²⁶ Yet because these funds are immediately paid out in cash, this activity has not helped to strengthen the country's financial sector.

CNBS gender data analysis on credit behavior also highlighted an overlooked opportunity on the commercial lending side. **The data showed that female borrowers have demonstrated lower non-performing loan (NPL) ratios compared to male peers.** In a country where women run a large percentage of businesses, FSPs could be losing out on a new revenue stream from this lower-risk group.²⁷

Another overlooked business opportunity could lie with customer segments such as unbanked women. To date, FSPs' women-focused activity has focused primarily on already banked but underserved women customers in urban settings. But by altering their strategic focus with a more comprehensive, gender-intelligent value proposition, FSPs could see strong business gains. And by casting a wider net to reach previously unserved customers, they could help increase the numbers of financially included women in Honduras.

The data gaps that remain, both on the supply and demand sides, also represent a barrier for FSPs. The limitations make it difficult to build a more nuanced understanding of women's needs or the financial services and delivery mechanisms that would work well for women customers. As a result, many FSPs lack a clear sense of women's market potential. However, among the subset of FSPs working on women's offers, three are members of the Financial Alliance for Women. This affiliation has given them exposure to the positive experiences of regional and international peers, raising their awareness on the need for good data, as well as an indication of how to target women customer segments. But others have not progressed as far.

In interviews, bank representatives working on women's market offerings indicated that they want to learn more about what their portfolio data could tell them and how to track results going forward. And they said they would welcome information about the overall size and structure of the women's market opportunity, since there is no such quantification available for Honduras. They also indicated an interest in data use cases. This unmet demand for information further underscores the importance of addressing Honduras' gender data gaps.

ROLE OF RESEARCH INSTITUTES, DONORS, AND DEVELOPMENT FINANCE INSTITUTIONS

Local and international organizations, donors, and development finance institutions also play an important role in advancing women's financial inclusion and increasing gender data collection in Honduras. These institutions have provided funding and guidance, encouraging banks to serve overlooked female customer segments such as working women and women SMEs. They have helped raise FSP awareness and prompted interest in developing women-focused financial solutions. Their efforts also have catalyzed regulatory changes to encourage reporting of sex-disaggregated data. Among the activities that are making a difference:

- **Support for regulatory changes and capacity building:** The Toronto Centre has been instrumental in supporting CNBS' drive for gender data. Resulting from this technical assistance was CNBS' multi-year WFI roadmap which includes multiple interventions—training regulatory staff on gender awareness, creating knowledge-sharing formats, including an inaugural gender gap report, helping to develop gender data collection processes, and directly engaging with FSPs on the intended changes in gender data reporting. The COVID-19 pandemic has caused delays in the plan's implementation.
- **Capacity building for FSPs:**
 - IFC, through its Banking on Women program, and IDB Invest, through the We-Fi initiative, provide financing and technical assistance to local FSPs. Efforts focus on developing value-added financial and non-financial services for female customer segments, including SMEs.
 - Three banks are members of the Financial Alliance for Women: Banco Ficohsa, BAC Credomatic, and LAFISE. Bank representatives have attended the Alliance's All-Stars Academy, which teaches FSPs how to design and implement programs for the women's market as well as how to become the employer of choice for women. Several other Honduran FSPs have participated as well, most recently in the Q2 2021 online Academy. This form of peer learning has proven particularly effective in enabling FSPs to step up and serve the women's market.
 - The Honduran Association of Banking Institutions (Asociación Hondureña de Instituciones Bancarias or AHIBA) supported a sustainable banking initiative launched by IFC, FMO, and Norfund, which included a focus on women. AHIBA plays an important role as a convener and industry representative, given that all 15 of the country's commercial banks are members. AHIBA's involvement ensured that the initiative reached its target FSP audiences.
- **Research and data generation:**
 - Five new studies are underway. They include an IDB study of female and male entrepreneurs covering access to and use of business finance and an IFC regional market study to assess women SME needs. The Global Findex update (anticipated for 2022 publication) will provide insight on progress since the last baseline in 2017. The findings likely will reflect financial inclusion disruptions due to the pandemic and the two major hurricanes in 2020, and they will provide global comparisons to show where Honduras stands. Also of note, CNBS is planning a national representative household survey that will include a section on financial services. Once complete, these studies will address a major weakness: limited demand-side data. Taken together, the findings should enable a more detailed scoping of the market size, clearer notions of un- and underserved financial needs, and greater potential for FSPs to build data-based strategies.
 - IDB's public branch has worked with BANHPROVI on data collection and best practices in developing standardized women MSME definitions. This work included recommendations on tools and platforms to support firm-level collection of sex-disaggregated data.

MAPPING HONDURAS' SUPPLY-SIDE DATA ECOSYSTEM

The primary stakeholders in Honduras' financial services sector include:

Data producers/ financial service providers

- Banks
- Financing companies
- Co-ops
- Mobile money operators
- Deposit-taking MFIs
- Non-deposit MFIs and fintechs
- Rural *cajas*

Data users/aggregators

- CNBS: Regulator and supervisor of most financial institutions. This includes commercial banks and financing companies (which CNBS defines as the "sistema financiero"), state banks, deposit-taking microfinance institutions (OPDFs), remittance companies, two types of mobile wallet providers, insurance companies, pension funds, and payments processors.
- Consejo Nacional Supervisor de Cooperativas (CONSUCOOP): Regulator and supervisor for all cooperatives in Honduras. It has two special units for supervising financial cooperatives (Superintendencia de Cooperativas de Ahorro y Crédito), based on the size of the coop's balance sheet. About 210 coops have balance sheets under \$1 million, and about 90 coops have balance sheets above this threshold.
- Banco Central de Honduras (BCH): The nation's central bank and policy regulator. BCH is focused on the payments system and banking system stability.
- Central de Información Crediticia (CdIC): The credit registry within CNBS. It requires reporting of credit and borrower information for all loans exceeding \$200 in value.
- AHIBA: Commercial banks' association. This group advocates for the industry and can play an important convening role—and has done so in dialogues with CNBS or a series of workshops on sustainable finance (including on gender finance) with IFC and FMO.
- La Red Centroamericana y del Caribe de Microfinanzas (REDCAMIF)/La Red de Microfinancieras de Honduras (REDMICROH): The Regional MFI association and the Honduran MFI association.

The informal financial services sector includes small rural cajas, among other groups. It is highly fragmented and little information is available. Figure 5 provides an overview of the data flow between key stakeholders in Honduras' supply-side financial data ecosystem. The orange arrows indicate where the data reported is disaggregated by sex.

The diagram illustrates the data reporting landscape in Mexico, categorized into Regulators, FSPs (Financial Service Providers), and other entities. It shows the flow of data reporting from various entities to regulators and supervisors.

Regulators: Includes the National Register of Persons, Guarantee Funds (e.g., Confianza), Property Institute, Credit Bureaus (3), and Senprende. The primary regulators are the **BCH** (Bank of Mexico) and **CNBS** (National Banking and Finance Commission).

FSPs (Financial Service Providers): Divided into **CNBS Supervised** and **Not CNBS Supervised**.

- CNBS Supervised:**
 - State Banks:** 3 (esp. BanHProVi)
 - Commercial Banks:** 15
 - Finance & Leasing:** 10
 - Deposit-taking MFI / OPDF:** 5
 - Remittance Co's:** 3
 - Electronic Wallets:** 2 (1 MON-led, 1 bank0led)
 - Insurance Co's:** 13
 - Pension Funds:** 9 (4 private)
 - Other institutions:**
 - Interbank Processor:** 1 (CEPROBAN)
 - Credit Card Processors:** 3
- Not CNBS Supervised:**
 - Fintech Co's:** 29 (?)
 - Cajas Rurales:** 4,062
 - Credit & Deposit Coops:** 87 largest
 - MFI's / OPD's:** 13 (2 second level)

Data Flow and Reporting:

- Regulators:**
 - BCH:** Receives data from FSPs and the Central de información Crediticia.
 - CNBS:** Receives data from FSPs and the Central de información Crediticia. It is **Mandatory for deposits** and **Mandatory (>\$200)**.
 - Central de información Crediticia:** >889k borrowers (excl. coop & OPD). It is a **Data provider / reporter**.
 - CONSUCOOP:** Receives data from FSPs.
 - CONATEL:** Receives data from FSPs.
 - AHIBA (Fin. Inclusion Committee):** Receives data from FSPs.
 - RED CAMIF:** 23 reportees. Receives data from FSPs.
- FSPs:**
 - CNBS Supervised:** Reports data to the BCH and CNBS. Some entities (State Banks, Commercial Banks, Finance & Leasing) are also **Data users** of the Guarantee Funds, Property Institute, and Credit Bureaus.
 - Not CNBS Supervised:** Reports data to the CNBS. Some entities (Fintech Co's, Cajas Rurales, Credit & Deposit Coops, MFI's / OPD's) are also **Data users** of the Guarantee Funds, Property Institute, and Credit Bureaus.
- Other Entities:**
 - Mix Market:** Receives data from FSPs.
 - Donors / Impact Investors:** Receives data from FSPs.

Legend:

- >** Data reporting
- .-.->** Data reporting sex disagg.
- Green box:** Data provider / reporter
- Orange box:** Data user
- Grey box:** "Financial System" in the narrow sense per CNBS

DIGGING DEEPER: GAPS AND OPPORTUNITIES IN SUPPLY-SIDE DATA COLLECTION AND USE

This section assesses the state of supply-side data collection and use in Honduras. It highlights gaps and uncovers opportunities to optimize the potential of the data to provide insights on female customer behavior.

DATA PRODUCERS

The research focused primarily on the main players in Honduras' formal financial sector: banks, financing companies, and co-ops. The research also covered deposit-taking MFIs (OPDFs) and mobile money operators.

Banks and financing companies

Honduran banks represent the largest share of the country's financial system. They hold 3.2 million women accounts, representing 43 percent of total accounts.²⁸

All Honduran banks sex-disaggregate account ownership data on retail clients and sole proprietors. All report the total numbers, but only some report individual-level data. In addition, financing companies are required to report sex-disaggregated and individual-level data for all loans over \$200 to CdIC, the central credit registry housed at CNBS. This requirement is independent of the dedicated gender data reporting initiative.²⁹

KEY TAKEAWAYS

- FSPs, including banks, financing companies, co-ops, and MFIs are producing some high-level supply-side gender data.
- Data is not comprehensive or detailed. FSPs do not use it to inform decisions on strategy or new product development.
- All of the 15 banks and 10 financing companies sex-disaggregate their data in reporting to the regulator—but still need to transition to the more comprehensive and individual-level reporting envisioned by CNBS in its new framework.
- Co-ops report some data to their regulator, which, in turn, shares it with CNBS.
- Some banks have launched or are about to launch women's market offerings, but the decision-making has not been guided by data insights.
- CNBS' upcoming rollout of a new financial inclusion strategy includes required sex-disaggregated data reporting and the launch of an electronic data collection system, which will standardize data and include detailed, client-level information.
- FSPs and CNBS could benefit from a more collaborative and strategic focus on WFI.
- There are significant opportunities to make better use of existing data and prepare for more sophisticated analysis as more detailed and coordinated data become available with the launch of CNBS' electronic data collection platform.

Issues with data thoroughness and quality

CNBS currently cannot consolidate the data to unique persons or businesses for a more accurate reflection of inclusion statistics. So, if a person (or business) holds more than one account, such as checking and savings, there's a significant risk of double counting—and even more so if these accounts are held at multiple FSPs.

While CNBS has collected some individual-level data, provided on a voluntary basis by some FSPs since CNBS' 2019 initiative, the usefulness of this data is limited. Problems with timeliness, completeness, and quality have hindered the ability to conduct reliable analysis based on the information provided. CNBS is engaging with FSPs to resolve these issues until such reporting becomes mandatory.

Lack of internal reporting on gender data

In general, the sex-disaggregated data generated is not used for regular internal reporting, so senior decisionmakers may not see it. However, change is on the horizon. For

example, Banco Ficohsa has started to conduct sex-disaggregated performance analysis, and it does include sex-disaggregated data on some offers in its regular management reporting. And there are signs that three FSPs currently developing women's market offers—Banco Promerica, Banpais, and Banco Lafise—could soon follow suit. In addition, the FSPs that are partnering with IFC and IDB Invest on women SME programs will begin to collect and report new sex-disaggregated KPIs, presenting opportunities for bank management to pick up the practice of assessing performance with the help of these KPIs. At present, however, most FSPs undertake analysis only on an as-needed basis—if they are conducting any at all. This lack of quantitative evidence makes it harder to demonstrate the value women customers bring or to build a strong business case for investing in new women-focused offerings.

And CNBS has already uncovered clear indications of the strength in this business case. An analysis of data on banks and financing companies between the years 2016 and 2019 showed that **women borrowers pay their loans on time more reliably than men.** Better women's repayment performance was observed across all major types of loans, including consumer, microcredit, business, and housing finance.³⁰

Because they do not undertake analysis themselves, most FSP decisionmakers likely would have remained completely unaware of such insights, but for CNBS's annual gender gap and inclusion reports.

"It is easier to sex-disaggregate for the micro segment since loans typically are in the name of the owner. For SME and corporate segments... we need to look at shareholders and decisionmakers. That's why we need a definition that reflects this."

—Senior-level executive, medium-sized commercial bank

"Women are good clients. A look across our entire client base shows that women's NPLs are notably lower than men's. And they are better cross-sale customers as well."

—Head of SME Banking, Large commercial bank

Limited availability of WSME data

Most banks do not sex-disaggregate data on women SMEs due to IT system limitations, nor do they track gender data on transactions. The lack of a standard accepted definition creates obstacles as well since it inhibits CNBS's ability to run meaningful analysis on the data. This gap means that FSPs cannot see the full scope of women's banking activity, making it difficult to determine whether there are additional market opportunities that they could be overlooking.³¹

It also means that banks preparing to launch their women's offerings do not have experience with how to identify incorporated businesses as women-owned or women-led. Without additional guidance, they may have a hard time incorporating the full scope of gender data practices—including measuring WSME uptake—in their upcoming offers.

New women's market offerings, new opportunity to track gender data

Combined, the institutions that have either introduced or are preparing to launch women's offerings account for more than half of loan volume in Honduras. Given their collective clout, their focus on women customers sends a strong market signal about the importance of the female economy.

Integrating gender data reporting and analysis into performance measurement will help banks maximize the opportunity these new offerings represent. They can monitor uptake of the new solutions being offered, assess impact, and determine if they are targeting the appropriate customer segments. As this process unfolds, Honduran FSPs could benefit from exposure to the experiences of peers from around the world. They could see real-world examples of how other banks are using insights gleaned from gender data to fine tune their women's offerings.³²

Change in reporting requirements; launch of CNBS' electronic platform

The upcoming introduction of additional, individual-level, sex-disaggregated reporting requirements represents an opportunity for FSPs if channeled into market analytics. It will give them greater visibility into customer segments and their behaviors. Using this granular data, they can develop and validate assumptions about client potential to inform their strategies. At an industry-wide level, the additional data, and the detailed analysis it enables, will provide more market transparency and allow for benchmarking against peers.

Along with this change in reporting requirements comes a significant technical upgrade, as CNBS prepares to launch its new electronic data collection system. Of note, it is embedded with extensive privacy safeguards, such as non-reversible encoding of client identifiers. Such safeguards are of critical importance for FSPs, to ensure the security of individual client-level data.

Cooperatives

There are 87 cooperatives with balance sheets of more than \$1 million that offer financial services in Honduras. They account for some 1.5 million members, including an estimated 740,000 Honduran women.³³ More than half of these members are concentrated in the top seven of these co-ops. Another 210 financial cooperatives have smaller balance sheets. **All co-ops sex-disaggregate account and savings and loans data on retail clients and sole proprietors.**

While only individuals can become co-op members, some of the larger co-ops offer loans to businesses owned by their members. However, they do not disaggregate such business loans by sex.

In general, co-ops do not seem to include gender data in internal management reporting in ways that assess performance and inform strategy. However, change could be coming here, as well. The increasing interest in the women's market at the largest co-op—ELGA—should be accompanied by sex-disaggregated performance reporting. Similarly, the launch of dedicated women products by the first gender-certified coop—CACEENP—along with the professionalization of this institution currently underway will likely result in a more formal approach to internal gender data reporting.

The larger coops supply aggregate-level sex-disaggregated data on account ownership to their regulator, CONSUCOOP, on an annual basis. This includes total number of accounts, members, and loans. They do not report on individual-level account holders. In the past, data collection has been a manual process, creating some questions about quality, although technology upgrades have eliminated many of these quality issues. With support from FACACH, the industry association, 85 co-ops have installed updated IT systems, enabling better gender data collection practices. To date, however, there are no plans for an interface between these systems and SIIF, the CNBS platform.³⁴

Mobile money operators and deposit-taking MFIs

Mobile money represents the third largest financial services sector in Honduras. Women constitute more than half of mobile money clients. Although operators do not specifically target women, the design of their delivery mechanism facilitates women's access and use of their services, provided they have access to a smartphone and connectivity.

The nation's two mobile money operators disaggregate all data by sex, based on their capacity to track and analyze individual client usage. This includes account numbers, and transaction volumes, values, and types. Currently, they do not offer business accounts, so sex-disaggregation of WSME data is not a relevant issue for them. These FSPs are considered outside of the core *sistema financiero* as defined by CNBS. They report aggregate figures to CNBS on an annual basis. These numbers are included without further consolidation in sub-chapters of CNBS' financial inclusion and gender gap reports. Until recently, sex-disaggregated data has not figured prominently in management reporting or in driving specific women's market strategies.

This is changing, however. Tengo, the Ficohsa subsidiary and the nation's top agent network, generates internal sex-disaggregated reports and conducts consumer behavior analysis. It has also started using these insights to inform product design. In turn, this could help to trigger new growth in a sector where gains have leveled off in recent years.

In contrast to the customer base of other Honduran FSPs, customers of MFIs skew female. In fact, many MFIs are actively looking to diversify into male clientele. **All MFIs track the sex of individual clients, including formal and informal sole business proprietors.** Such micro- and small business clients represent a prime target for Honduran MFIs, even though their offers are not designed specifically for women. MFIs participating in the local REDMICROH association report sex-disaggregated depositor and borrower data semi-annually to REDCAMIF, the regional association. This includes deposit-taking MFIs (OPDFs), non-deposit-taking MFIs (OPDs), and MFIs licensed as commercial banks or financing companies. Deposit-taking MFIs and MFIs licensed as commercial banks or financing companies are also required to report annually to CNBS. But with few quality controls on data gathering and reporting, reliability is an issue. In addition, most do not track gender on incorporated businesses.

Consolidating all data flows from across all MFIs into a central base could enhance the usability of the data. It would enable more reliable analysis for a deeper understanding of these institutions' contributions to WFI.

Box 2. INDIVIDUAL-LEVEL DATA: WHAT IS IT AND WHY IS IT SO IMPORTANT?

What it is

Data on each individual client of the FSP, across all accounts held in that client's name at the FSP and for all data points to be collected, such as number of accounts held, and value of savings and loan balances.

How it is done

Each client is assigned a code or number that is uniform for that client across all FSPs. Typically this is a national identification number that is anonymized by an algorithm but can't be reversed.

Once reported to the regulator, CNBS can consolidate each client's data points across all FSPs to arrive at a final, more accurate number of how many Hondurans are banked.

Why it is important

- Provides insight into the customer segments that are driving use of products and services
- Enables sophisticated and nuanced analytics, using additional segmentation criteria captured
- Shows clear patterns of usage
- Avoids over-counting
- Highlights untapped potential
- Allows for industry averaging and FSP benchmarking to incentivize progress
- Offers evidence on how FSPs can serve their clients better

DATA AGGREGATORS AND USERS

In Honduras, the strategic collection and use of gender data has gained substantial momentum and the journey is well underway. The institutions profiled here offer the greatest potential to mature the gender data ecosystem.

CNBS

CNBS oversees most types of financial service providers, including commercial banks, financing companies, and mobile money operators. Its credit registry can supply sex-disaggregated data at the level of individual borrowers who hold at least one loan balance of more than \$200—currently covering nearly 890,000 borrowers.

CNBS gathers sex-disaggregated data on the number of accounts and deposit balances from its regulated institutions. It collects data directly from all 15 commercial banks and 10 financing companies monthly and from mobile money operators, deposit-taking MFIs, and the co-op regulator on an annual basis. CNBS can access a broad set of high-level sex-disaggregated data from this group of FSPs, including the overall number and value of deposits.

Data usage

The regulator is already making good use of this data. CNBS routinely runs key sex-disaggregated analytics at a high level, communicates the findings, and highlights their value to FSPs. These practices are still in the early stages, however, and the active use of gender data for regulatory positioning remains in its infancy. Transaction/usage data at the individual level is a blind spot, since only some banks provide it, and there have been issues with data quality. In addition, some institutions report this information monthly while others only report annually, yielding data inconsistencies.

Many of these challenges will likely be resolved with the launch of CNBS' Financial Inclusion Information System (SIIF) for supervised FSPs. SIIF will automate and centralize data reporting processes and allow for sex-disaggregated data reporting at a granular level. In tandem, FSPs will be required to report individual level data, rather than as a voluntary action. Efforts are also underway to standardize a definition of WSMEs for accurate categorization.

These shifts should help CNBS address gaps in individual client-level data, enhance data accuracy, and expand coverage to include more FSPs. The increased disaggregation, beyond account holders' gender—such as by age, geography and economic status—and the ability to cross-reference the information will enable a more comprehensive view of the state of WFI in Honduras. And it will contribute to evidence-based policymaking that will advance the nation's WFI journey.

Also of note, the new platform will enhance the nature, efficiency, and security of banks' data capture by:

- Improving data quality;
- Automating data extraction; and
- Developing a uniform client ID format and anonymizing data.

Plans also include publishing more detailed sex-disaggregated data, along with insights, to complement the reports already being published. CNBS's goal is to advance the development of policies and regulations that support WFI. It will track these policy changes for their impact on and contribution to financial inclusion of women and men.³⁵ See Table 1 for more detail.

Table 1. Opportunities to be leveraged

SIIF objective	FSPs covered	Services tracked	Data points to report
Set framework, conditions, and processes for creating digital data archives to track and report on financial inclusion	<ul style="list-style-type: none"> Regulated FSPs: banks, financing companies Deposit-taking MFIs Insurance companies Guarantee funds Private & public pension funds 	<ul style="list-style-type: none"> All deposits: current, savings Loans of less than \$200 in value (larger loans already tracked) Debit and credit cards Remittances Major transactions: ACH and intra-bank transfers, bill payment, withdrawals Client interactions 	<ul style="list-style-type: none"> Client ID Sex Profession/job Education level Birth date Income level Domicile (department and municipality) Others

Consucoop

Consucoop (Consejo Nacional Supervisor de Cooperativas) is a unique component of Honduras's financial ecosystems: a dedicated regulator and supervisor of the entire cooperative sector. Consucoop collects sex-disaggregated data on account ownership for loan and saving products from the 87 larger co-ops that are subject to tighter regulations. Smaller co-ops do not report gender data. Consucoop does not analyze the data it collects for insights on female customers. It also does not publish gender data reports that could provide advice or guidance on the women's market and WFI for the institutions it supervises.

Reporting to BCH

Each month, Consucoop reports on the larger co-ops' key balance sheet indicators to Banco Central de Honduras (BCH), the central bank. BCH includes the information into its routine assessments of financial sector stability. Consucoop also reports selected sex-disaggregated data on co-op membership, accounts, and loan volumes to CNBS on an annual basis. CNBS includes the information in their financial inclusion/WFI reports.

With more than 1.5 million clients, a broad national footprint, and convenient delivery model, these institutions represent a potent force in helping to advance women's financial inclusion. CNBS' plans for enhanced gender data collection currently do not include them.

REDCAMIF/REDMICROH

Most MFIs report sex-disaggregated loan and deposit portfolio data to REDCAMIF, the regional MFI association (19 out of 21 MFIs serving non-institutional borrowers). This includes the

"Women believe in co-ops much more than in banks or MFIs."

– Top Executive, Industry Association

member institutions of REDMICROH, the Honduran MFI association, which stopped collecting data in 2019. REDCAMIF publishes semi-annual regional statistics, including a gender breakdown of loan portfolios. The association does not conduct benchmarking or strategic analysis and it does not provide guidance to members on how to interpret data.

REDCAMIF does not share data on non-deposit MFIs with CNBS. This represents both a gap and an opportunity. Combining REDCAMIF's data with CNBS' data on deposit-taking MFIs could help create a more comprehensive market level picture of women customers making use of these resources.

OPPORTUNITIES: LEVERAGING EXISTING EFFORTS TO ADVANCE PROGRESS

Through their actions, Honduran FSPs have indicated a growing interest in the women's market. Embedding robust sex-disaggregated reporting processes in their upcoming women's offerings will enable them to track performance. It can highlight areas for expansion, such as broader reach into unserved segments, and it can contribute to the business case for the development of more women-focused solutions.

In addition, FSPs could make better use of the data they are currently collecting by including it in regular management reporting. There seems to be a lack of understanding about the importance of sex disaggregating KPIs and how this could yield relevant insights, particularly with WSME banking.

SIIF's launch will facilitate ease of reporting and improve quality, yielding more detailed data and insights that should resonate with decision makers. Along with the generation of more sophisticated data and analysis, there should be a concerted effort to share the information and highlight its relevance. The positive trends on better savings and repayment behavior uncovered by the CNBS data analysis make it clear that FSPs could uncover opportunities by further exploring the data.

Similarly, for co-ops, existing data is underutilized. It could be integrated into internal reporting and decision-making. The improved IT systems should help facilitate good gender data reporting practices although there are no plans yet to synchronize this system with SIIF. Doing so would enable seamless data sharing and the potential for more comprehensive data analysis. Without it the lack of co-op data would represent the major gap in Honduras' gender data ecosystem.

CNBS has indicated clear political will to increase the availability of gender data, as it updates reporting requirements, prepares to launch SIIF, and publishes sex-disaggregated data insights. This inflection point represents an important opportunity

"Five years ago, we became a FAFW member, and it changed the way we looked at customer segments. Now we produce status updates every six months on women's banking. Still, we don't have any clear benchmarking, since there's only a single, annual data request [from the regulator]. There's nothing timely or that would help us compare apples to apples, so we are flying blind."

– Head of SME Banking, Large Commercial Bank

to get it right. Careful attention to the design of underlying reporting systems and processes will help to generate timely, reliable, and high-quality data that reflects the full scope of women customers and their banking behavior. Pragmatically resolving data privacy concerns with relevant international processes and technology expertise could expedite SIIF implementation.

The launch of SIIF comes with additional opportunities to engage other sector stakeholders, including CONSUCCOOP and REDCAMIF. With increased electronic capabilities, these institutions could collaborate with CNBS on data collection protocols, such as standardizing ID formats, and on data sharing agreements. This electronic reporting system will also help to gather broader and deeper data in standard formats for easier use and analysis.

And with this increased ability to derive analytical insights comes heightened potential for evidence-based policymaking, data-driven WFI strategies, and women's market value propositions. Such efforts could benefit from exposure to international expertise and lessons of experience from other countries.

Table 2 presents an overview of the existing opportunities.

Table 2. Opportunities to be leveraged

	OPPORTUNITIES TO BE LEVERAGED
COMMERCIAL BANKS & FINANCE COMPANIES DATA PRODUCERS	<ul style="list-style-type: none"> • Availability of key sex-disaggregated data, including loans for retail clients and sole proprietorships • Growing number of women's market offerings by some leading and mid-sized banks • Increased interest in serving women's market • Timely availability of data-driven insights likely to produce more suitable strategies and value propositions
COOPS DATA PRODUCERS	<ul style="list-style-type: none"> • Commitment to women empowerment as a key value of the sector • Business model, client engagement, and geographic presence conducive to advancing WFI beyond the current level • Tracking of gender data on retail customers and sole proprietorships
MFIS/MOBILE MONEY DATA PRODUCER	<ul style="list-style-type: none"> • Tracking of gender data on retail customers and sole proprietorships • Mobile money, with the most extensive tracking and inherent data analytics capacities among FSPs: transactional data could hold particular insights • Relatively conducive business and operating model for women • Interest in data insights on how women's market can help spark growth
DATA AGGREGATOR & USER: CNBS	<ul style="list-style-type: none"> • Clear, uncontested leadership position on gender data from institutional set-up in the ecosystem • Standard reporting of aggregate gender data established for commercial banks and financing companies • Female leadership driving change • Internal efforts have embedded gender data and WFI as key institutional priority; activities and plans realigned with this priority • Development of new financial inclusion strategy with dedicated WFI focus • Launch of (automated) interfaces to facilitate standardized and detailed gender data collection • Detailed data covering a broad range of women customer segments, through household survey, enabling more precise scoping of women's market opportunity, and women customer needs
DATA AGGREGATOR & USER: CONSUCCOOP	<ul style="list-style-type: none"> • Availability of some sex-disaggregated data • Women-focused mission and mandate for the sector
INDUSTRY STAKEHOLDERS, INCLUDING DONORS, DFIS, & FSPS	<ul style="list-style-type: none"> • Expansive demand-side research slated for release • Ability to mobilize action and influence change • Strong FSP pipeline of WFI-related projects, including dedicated funding for technical assistance that could cover gender data practices

LESSONS LEARNED FROM HONDURAS' EXPERIENCE

The information uncovered in the diagnostic has yielded insights that offer lessons for Honduras—as well as for other countries. These include:

- **Political will and regulatory action can help drive and increase in supply-side gender data.** CNBS's 2019 initiative to request individual level sex-disaggregated data has increased the depth of available supply-side data, allowing for more sophisticated analysis, more accurate insights, and a country-wide data creation view of the market.
- **Awareness is a foundational element in advancing WFI.** Many stakeholders lack a clear understanding of the strategic relevance and attractiveness of the women's market or how to effectively address it. Stakeholders also need guidance on why data is important, as well as assistance on how to use, visualize, communicate, and understand the data in informing the business case for women's market propositions.
- **Just because data is available doesn't mean it is being used. And, unless it is used, it will not serve the purpose of advancing WFI.** Sex-disaggregated reporting by itself does not take WFI further, but rather the analysis, use, and insights derived from this data is what drives progress. While most Honduran FSPs produce gender data, most do not use it to inform decisions on new product development or to analyze women customer segments for new market opportunity.
- **Building trust and alignment between the regulator and FSPs can encourage compliance with gender data reporting.** FSPs need a strong business rationale for what they stand to gain in making the extra effort to sex-disaggregate data. Communication and engagement are key to demonstrating the importance of sex-disaggregated data and how it can yield insights to drive market growth.
- **The lack of quality data on WSMEs impedes a holistic understanding of the female economy.** There is limited demandor supply-side data on this critical segment, so it is likely that the revenue opportunity for banks is underestimated. This gap also means a lack of clarity on the types of financial (and non-financial) products that would resonate with WSME customers.
- **The story is not complete without demand-side data.** Supply-side data shows how the banked segments behave with formal FSPs. But given the extent of financial exclusion in Honduras, demand-side data is key for learning more about the unbanked population. The limited availability of demand-side data adds to the difficulty in scoping the women's market opportunity.

RECOMMENDATIONS

The recommendations that follow are aimed at increasing the collection, quality, and use of supply-side sex-disaggregated financial data in Honduras to strengthen business solutions for women and ultimately increase women's financial inclusion. For a summary connecting the diagnostic's findings to the challenges identified and recommended interventions, see Table 3.

As the intervention plan is developed, activities should be prioritized based on local interest and availability of funding and relevant expertise, as well as the fit with the country's financial inclusion strategy.

Table 3. Connecting the findings from the Honduras Gender Data Diagnostic to data gaps and interventions

	DATA GAPS			POTENTIAL INTERVENTIONS
	AWARENESS	AVAILABILITY/ QUALITY	USAGE	
COMMERCIAL BANKS DATA PRODUCERS	<ul style="list-style-type: none"> • Limited awareness of the importance of serving the women's market • Gaps in understanding on the importance of data and the full data value chain 	<ul style="list-style-type: none"> • Lack of an agreed-upon WSME definition • Lack of client-level gender-disaggregated SME data, making it difficult to capture full scope of activity • Lack of product-specific, customer-segmented data to make internal bank business case • Limitations in data capture: data focus is on accounts, with no visibility on usage patterns, so difficult to understand women customer behaviors • Manual uploading of gender data to templates; may lead to inconsistent data quality 	<ul style="list-style-type: none"> • Data consolidation in early stages • No analysis of data for strategic insights or sharing of data for industry benchmarking • No use of data by management because gender data is not reported internally to management • Limited internal capacity for/lack of experience in gender data analysis to inform business strategy and design of value propositions 	<ul style="list-style-type: none"> • Awareness raising on use of data to inform business case for women-centered solutions • Training and peer-to-peer exchange on global best practice approaches and commercially viable business models for serving the women's market • Capacity building on how to use data and produce actionable insights • Technical advice on strengthening internal gender data collection, analysis, and internal reporting for those banks indicating an interest, including as part of credit approval processes to enable generation of more WSME data • Leverage IDB Invest and IFC projects for in-depth capacity building on gender data practices at the pioneering banks to build local experiences/lessons learned and "lighthouse cases" to crowd-in competitors
COOPS DATA PRODUCERS	<ul style="list-style-type: none"> • Lack of deliberate strategic focus on the women's market • Lack of management awareness on the relevance of gender data and dedicated women's market approaches 	<ul style="list-style-type: none"> • Lack of data on WSMEs at co-ops offering business loans • Inconsistent data gathering processes, likely to result in issues with data quality and reliability 	<ul style="list-style-type: none"> • No usage of sex-disaggregated data for performance reporting and analysis • No internal capacities for/experience in gender data analysis 	<ul style="list-style-type: none"> • Awareness-building events on women's market opportunity, practices, business models and gender data analysis • Capacity building on data use cases, including for KPIs, reporting, WSME tagging, for the leading co-ops • Technical advice for selected leading co-ops on gender-intentional product design and gender data collection and analysis to create best practice examples • Engagement with leading co-ops to promote insight sharing across the sector
MFIS/DATA PRODUCERS	<ul style="list-style-type: none"> • Lack of deliberate strategic focus on the women's market • Lack of understanding on the importance of data 	<ul style="list-style-type: none"> • No data quality controls on basic client information 	<ul style="list-style-type: none"> • No use of gender data in decision making or to inform design of value propositions 	<ul style="list-style-type: none"> • Industry training on gender intentional product design and data analytics capacity building

MOBILE MONEY/DATA PRODUCERS	<ul style="list-style-type: none"> Lack of understanding on the importance of the women's market as growth driver for mobile financial services 	<ul style="list-style-type: none"> Business use of mobile wallets not reflected in data, as clients can only register in name of natural person 	<ul style="list-style-type: none"> Only annual aggregate reporting on clients and transactions to CNBS; no individual-level data so can't be used for consolidated reporting due to risk of double counting Limited usefulness due to timeliness issues and lack of integration with CNBS standard reporting platform 	<ul style="list-style-type: none"> Awareness-building efforts on DFS growth opportunities using a gender-intelligent approach Gender lens technical assistance on data practices, creating a more inclusive value proposition, outreach, and onboarding of female clients
CNBS DATA AGGREGATOR & USER	No gaps identified	<p>Issues with pre-SIIF reporting template:</p> <ul style="list-style-type: none"> no capture of individual level detail or transactional data; risk of double counting not part of standard reporting platform requires manual uploading problem with data quality <p>Limitations in comprehensiveness of regular data collection:</p> <ul style="list-style-type: none"> doesn't extend to large co-ops, mobile money, non-deposit-taking MFLs 	<ul style="list-style-type: none"> Early stages of data consolidation, so no true picture of state of WFI yet No use of data for analytics and insights that address issues of strategic relevance of women clients, such as building an evidence base to inform policies No sharing of market data to enable benchmarking by banks 	<p>Technical assistance:</p> <ul style="list-style-type: none"> build analytical capacity and use of data to inform decisions on policy align gender template and incorporate into reporting platform promote WSME and individual level data collection standardize WSME definitions and how to classify business clients for ease of data collection ensure world-class security safeguards for new electronic platform <p>Engagement with CNBS to:</p> <ul style="list-style-type: none"> build urgency on addressing WFI gap, advise on relevant components of a pro-WFI regulatory framework and the role of data to track impact facilitate reorientation of relationship with FSPs towards common objectives and benefits linked to gender data institutionalize gender focus and data practices, perhaps through policy prescriptions, to reduce risk that an administration turnover will de-prioritize gender encourage inclusion of mobile money in regular reporting and use of their data to understand mobile money usage patterns and identify future potential facilitate dialogue with Consucoop on pragmatic ways to integrate timely graphics unit facilitate roundtable with regulators from other countries to promote dialogue on WFI best practices
CONSUOCOOP AGGREGATOR & USER	<ul style="list-style-type: none"> Lack of strategic or tactical focus on WFI, outside legal requirements Lack of awareness on the importance of dedicated gender data efforts 	<ul style="list-style-type: none"> Lack of granular detail: only gather data on number of clients and borrowers by gender Unreliable quality due to non-standardized data capturing processes No availability of data from the 200+ coops with less than \$1 million balance sheets 	<ul style="list-style-type: none"> No production of reports No gender analytics 	<p>Engagement to:</p> <ul style="list-style-type: none"> encourage inclusion of smaller co-ops in reporting encourage channeling of mandated gender budgets to enhance co-op-level gender practices dialogue/roundtable among regulators to include co-op perspective in CNBS' FI initiatives
REDCAMIF/DATA A AGGREGATOR & USER	<ul style="list-style-type: none"> Lack of clear gender strategy, despite sex-disaggregation as longstanding standard in reporting 	<ul style="list-style-type: none"> Limited sector-wide consolidation of client numbers/unique borrowers Limited data sharing with CNBS 	<ul style="list-style-type: none"> No benchmarking, strategic analysis, or guidance to members, despite publishing semi-annual reports on regional statistics and gender breakdown of loan portfolio 	<ul style="list-style-type: none"> Participation in technical assistance provided to CNBS on good gender data collection and analytics practices

Ecosystem recommendations

With increased availability of high quality, detailed data comes the ability to enhance engagement across the entire ecosystem. This will help raise awareness on the importance of sex-disaggregated data in generating evidence-based insights that can spur additional progress on WFI. Recommendations include:

- **Leverage existing and upcoming initiatives**—such as IFC’s sustainable finance dialogue with AHIBA and the SME work undertaken by IFC and IDB Invest—to embed gender data practices and showcase/share experiences.
- **Promote WFI awareness to encourage more FSPs to introduce women’s offers.** In particular, conduct outreach to FSPs with business models and strategies that will push the WFI frontier, such as co-ops, OPDFs, and mobile wallets. The awareness-raising effort should include sharing the rationale on reasons to introduce a women’s market value proposition and how to do it successfully.
- **Create a financial inclusion data hub.** The hub could be a joint initiative of CNBS and the various financial services industry associations, such as AHIBA, REDCAMIF, and FACACH, with opportunities for other partners to join. This will help gain stakeholder buy-in and ensure pragmatic analysis priorities. It also can facilitate industry benchmarking of supply-side gender data findings against financial sector performance. It can give FSPs a context for results while highlighting areas for improvement, and it could help spur progress. For example, if left alone to conduct all the data analytics, CNBS’ research unit might not have the capacity—or the momentum—for creating market-changing data insights.
- Work with AHIBA and other associations to **build data analysis practices and leverage FSP portfolio data to generate insights.** This will help increase the use of already available data in internal management reporting, thereby increasing the likelihood that this will influence FSP strategies.

Industry recommendations

The diagnostic uncovered several key challenges to increased use of data to drive decisions on women-focused financial offerings. These include issues with data quality, lack of client-level detail, and under-utilization of existing data. The launch of SIIF should help FSPs generate robust, reliable, and comprehensive supply-side data for use in more sophisticated analytics. This will yield important insights into women’s market segments currently being served, product usage patterns and preferences, and customer behavior. With the overall goal to advance gender data to catalyze more FSPs to action, recommendations include:

- **Expose FSPs to global best practice** and commercially viable business models for the women’s market through programs such as Financial Alliance for Women’s All Stars Academy.
- **Raise awareness on the value of data** to inform market insights that increase reach.
- **Build capacity for data analysis** to interpret data and produce actionable insights.
- **Work with selected banks to update their credit approval processes** to include a gender dimension, which will incentivize better data collection on SMEs.

- **Embed capacity building and experience sharing on good gender data practices in the technical assistance for FSPs.** The IFC and IDB/IDB Invest programs currently underway or about to launch have already taken this step.
- Consider ways to **share practical lessons and insights with FSPs** that are not part of these programs, which could help drive sector-wide improvements in gender data practices.
- **Provide access to expertise for FSPs** interested in conducting women's market analysis. This will be most helpful for FSPs interested in developing their women's offerings, with regional and international experts offering hands-on support and guidance.
- **Align the sector on WSME company definition,** in coordination with public sector initiatives. Work with CNBS to establish this definition as official, since CNBS is the main data user. Doing so will enable standardized data collection across the sector.

Box 3. A Promising Model: The UK's Investing in Women Code³⁴

In 2018, the United Kingdom Treasury commissioned Alison Rose, CEO of NatWest and long-standing member of the Financial Alliance for Women, to lead an independent review of women's entrepreneurship in the UK to tap the unrealized economic potential of women entrepreneurs. The objective: to make the UK a global destination for women to start and grow a new business. The approach of the report itself and many of the initiatives proposed could be adapted for application in other countries.

In particular, the first of eight initiatives was to ***promote greater transparency in UK funding allocation through a new Investing in Women Code***, and to report a commonly agreed set of data on all-female-led businesses, mixed-gender-led businesses, and all-male-led businesses.

The Code has already been signed by over 100 institutions, including the UK's major banks, and released its first report in April 2021. Signatories provide their results to relevant industry associations, which review and collate the data and pass it on to UK Treasury, which produces the annual report. This constitutes the first time most of these organizations provided a public accounting of the extent of their financing for women entrepreneurs.

The UK's Investing in Women Code has shown remarkable success in the speed at which signatories were willing to sign on, assign a leadership champion in their own institutions, begin reporting sex-disaggregated data, take action to better meet the needs of women's entrepreneurs, and increase funding allocation.

Regulatory recommendations

CNBS is already focused on increasing the collection and use of disaggregated data, is preparing to relaunch a financial inclusion strategy, and has embedded additional outreach efforts with FSPs. The suggested interventions focus on supporting CNBS set up for success with its ambitious WFI plans. Recommendations include:

- **Work with CNBS to leverage Consucoop and REDCAMIF for a more consolidated effort on gender data.** Consucoop has data, but they do not conduct analytics. The entire co-op sector remains outside CNBS' pervue. REDCAMIF already collects and publishes a broad set of gender indicators from its members but it is not being put to use for benchmarking or strategic analysis. Combining the existing data capabilities of CNBS, Consucoop and REDCAMIF and providing analytical capacity building could make a significant difference in providing a more comprehensive view of the state of WFI in Honduras.
- **Identify relevant international practices for anonymized ID and consolidation.** This also includes facilitating peer learning from relevant counterparts and providing technical assistance to ensure best-in-class security safeguards in electronic data collection. Plans for collecting detailed and anonymized client information, including gender, age, and geographic location, will enable better use of data to inform new product development. But they also come with heightened digital security risks. Addressing FSPs concerns about data privacy and mitigating risks will be critical to success.
- **Facilitate strategic dialogue and encourage collaboration with industry stakeholders.** The launch of the new FI strategy and the electronic platform offers an opportunity for a fresh start through increased transparency and communication. Engaging with FSPs early and demonstrating the business value of the data will raise awareness. Addressing concerns, detailing the ways in which the data will be used, and clarifying rationale, goals, and targets will contribute to a positive relationship. Such engagement and collaboration also could provide CNBS with insights into the type of analytics that would be most useful for FSPs.
- **Create a WFI outreach campaign.** This campaign could integrate local market findings with global experiences to yield a rationale for gender-intelligent finance. The goal is to make the business case for FSPs on why they should introduce offerings that meet the needs of women customers.
- **Strengthen capacity to analyze the collected gender data** and produce related knowledge products. Focus should be on data analytics and modeling, and on how to create insight-sharing formats to build the business case for WFI.
- **Provide technical assistance to make use of soon-to-be-available demand-side data** in generating market-sizing insights. This includes coordinating with IFC and IDB/IDB Invest on incorporating their demand-side women SMEs research into CNBS' data analytics and market analysis.
- **Work towards institutionalizing gender data collection and analysis** to ensure sustainability throughout government changes. Making public commitments, such as through policy mandates, would ensure the sustainability of the efforts.
- **Arrange for peer-to-peer knowledge sharing** on design of data collection processes for ease, efficiency, and quality.

Through 2022, the WFID Partnership will be working on prioritizing and piloting interventions. **We welcome input from and collaboration with partners from stakeholder groups.** Please feel free to contact us: info@data2x.org.

APPENDIX A. FORECASTING MODEL DESCRIPTION

I. Introduction

To model and project financial inclusion in different areas of the world, we conducted several microdata analyses focusing on individual countries. In addition, we developed a global model that should provide insights on countries for which constraints regarding input data or time did not allow for country-specific predictions. The summary at hand provides an overview of the data, method, and results of this global model of financial inclusion and the projections for Honduras.

II. Model

We posit an OLS regression model of access to financial services. The dependent variable, y_i , is the share of adults that own an account with a financial institution or mobile money service provider. The analysis of account ownership is further segmented by gender. The model specification is given as:

$$\begin{aligned} y_i = & \alpha + \beta_1 \text{Initial Share} + \beta_2 \text{ATM} + \beta_3 \text{Credit} + \beta_4 \text{Growth}_i + \beta_5 \text{Inflation} \\ & + \beta_6 \frac{\text{Manufacturing}}{\text{GDP}} + \beta_7 \text{Secondary Enrolment} \\ & + \beta_8 \text{Sub-Saharan Africa} + \beta_9 \text{Infrastructure} + \beta_{10} \text{Mobile Phone} \\ & + \beta_{11} \text{Remittances Received} + \beta_{12} \text{Remittances Sent} \\ & + \beta_{13} \text{Gender Equality} + \beta_{14} \text{Secondary Tertiary Education} \\ & + \beta_{15} \text{Mobile Money} + \beta_{16} \text{Secondary Tertiary Education} * \text{Mobile Money} \\ & + \varepsilon_i \end{aligned}$$

This specification is based on Allen (2014) but includes a larger set of covariates to explain financial inclusion. In particular, the explanatory variables comprise of those indicators of financial development that describe the environment in which such development occurs, but which are exogenous to that process. All variables included are five-year averages (between 2014 and 2018) as is customary in the literature on financial development, to lower susceptibility or results to outliers. The variables include the initial share of adults with an account at a financial institution, the number of ATMs per 100,000 adults, data on the domestic credit to the private sector, GDP per capita growth, inflation of consumer prices, the share of manufacturing in the total GDP, secondary school enrolment, a dummy variable for sub-Saharan Africa, an infrastructure index, the share of people owning a mobile phone, information on received and sent remittances, a gender equality index, the share of people with secondary or tertiary education, the share of adults with a mobile money account, and an interaction term of the latter two covariates.

To identify the most suitable model, an even larger set of potential covariates has been considered and the Akaike information criterion has been used to select the best combination of explanatory variables. This has led to the exclusion of the following

set of additional variables that were also part of the initial model: the total population, population density, GDP per capita, the share of oil rents in the total GDP, economic, educational, health, and political gender equality, the share of people living in urban areas, and the share of people with primary education.

III. Data

The data used within the analysis include the World Bank's World Development Indicator Database, which contains a comprehensive collection of key macroeconomic, infrastructure, social, and financial sector variables from 1960 to 2019, and covering 217 economies. In total, the database comprises a collection of over 1,600 variables.

The analysis is limited to lower-income, lower-middle-income, and upper-middle-income economies. A total of 139 countries are included, with distribution by region as given in Table 1.

Table 1: Distribution of countries included in analysis

Region	Number of Countries
East Asia & Pacific	24
Europe & Central Asia	21
Latin America & Caribbean	25
Middle East & North Africa	13
South Asia	8
Sub-Saharan Africa	48
Total	139

Notes & Sources:

World Development Indicator Database.

Access to financial services varies significantly by region (Table 2). The highest rates of access are in East and Central Asia, while the lowest levels of access are in sub-Saharan Africa. The highest access gaps by gender are in the Middle East and North Africa region, where access levels for males are 15 percentage points higher than for females, and the lowest in East Asia and the Pacific, where there is gender parity in levels of access.

Table 2: Account ownership at a financial institution or mobile money service provider

Region	All	Male	Female	Gap (M-F)
East Asia & Pacific	51.64	51.58	51.68	(0.11)
Europe & Central Asia	52.04	54.78	49.41	5.38
Latin America & Caribbean	47.73	51.03	44.66	6.36
Middle East & North Africa	37.91	45.73	30.08	15.65
South Asia	41.15	47.17	34.98	12.20
Sub-Saharan Africa	34.69	39.07	30.44	8.63
Average	42.70	46.62	38.88	7.74

Notes & Sources:

World Development Indicators Database. Data include population aged 15 years or more.

I. Results

Table 3 gives an overview of the estimation results of the model described in section II with data for the total population of 139 lower-income, lower-middle-income, and upper-middle-income countries.

Table 3: Regressions on financial inclusion

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	11.5938	9.4483	1.23	0.2280
acc_init	0.8393	0.0494	17.00	0.0000 ***
atm	0.0120	0.0402	0.30	0.7676
credit	0.0169	0.0325	0.52	0.6077
gdp_grw	0.6747	0.3581	1.88	0.0679 *
inflation	0.0135	0.1361	0.10	0.9218
manuf	-0.0032	0.1567	-0.02	0.9838
school	0.0508	0.0646	0.79	0.4373
s_africa	2.4179	2.7085	0.89	0.3781
infrastructure	-0.0063	0.0289	-0.22	0.8293
mobile_phone	-0.0000	0.0000	-0.52	0.6049
remittances_in	-0.0025	0.0408	-0.06	0.9510
remittances_out	0.0111	0.0779	0.14	0.8876
gender_total	-14.1126	14.7936	-0.95	0.3466
edu_sec_ter	9.3581	6.3595	1.47	0.1501
mobile_money	0.2150	0.1567	1.37	0.1789
edu_sec_ter:mobile_money	-0.3860	0.5699	-0.68	0.5027

Adjusted R-squared: 0.9777

Breusch-Pagan test: BP = 14.8, df = 15, p-value = 0.4659

It shows that only the initial share of persons with an account and the GDP per capita growth are significant, the growth of GDP per capita at the 5% level and the initial share of persons with an account even below the 1 percent level. Both significant variables are positively correlated with the predicted future share of persons with an account at a financial institution. This means that, keeping everything else constant, a country with a higher initial share and a higher growth rate of GDP per capita is more likely to experience a higher future share of persons with access to an account.

Figures 1 and 2 show the predictions of the shares of adults with an account at a financial institution in Honduras. Figure 1 presents the country level data, while figure 2 shows the corresponding shares by gender.

Figure 1: Projected shares of adults with an account at a financial institution

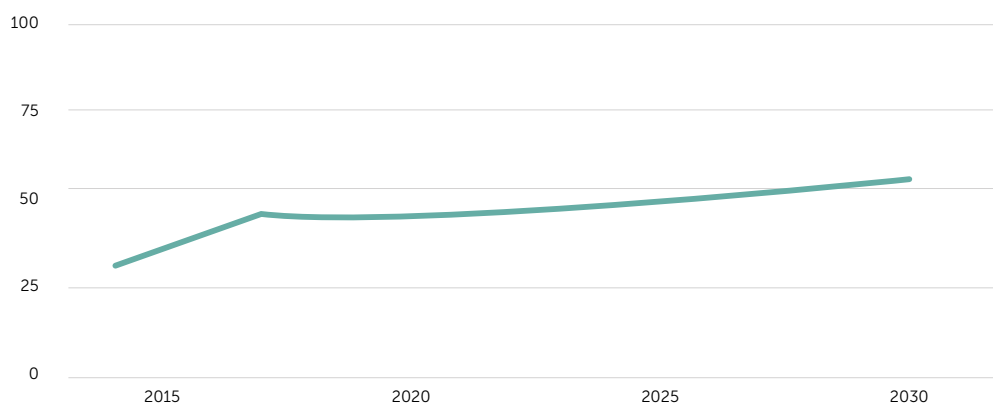
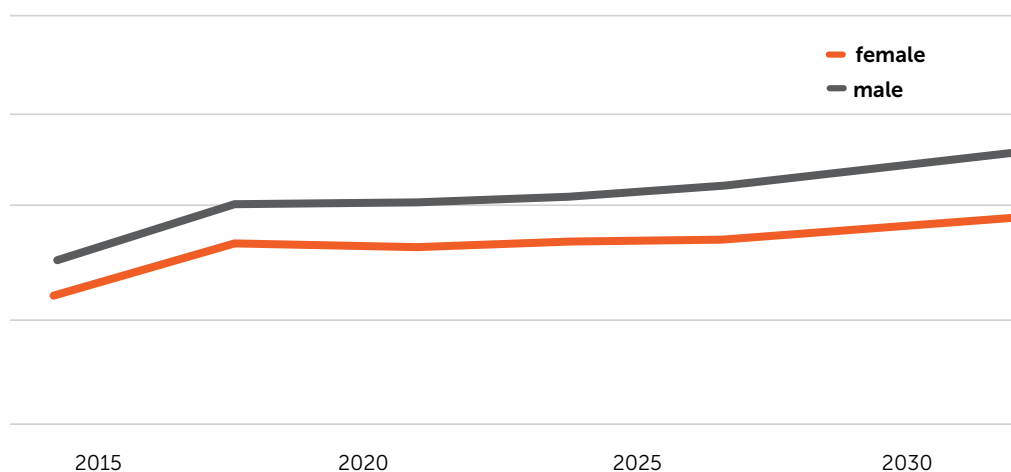


Figure 2: Projected shares of adults with an account at a financial institution by gender in Honduras






Figure 1 suggests that, based on our global model, the overall access to finance numbers in Honduras is expected to continue growing over the next decade.

Figure 2 shows separate projections for Honduras. We assume that the gender gap will keep growing until 2030.

Overall, we can assume that the shares of persons with access to an account at a financial institution will continue to in the coming years. This seems to be true for both male and female populations, leading to a rather constant gender gap.

References

Allen, Franklin, Elena Carletti, Robert Cull, Jun Qian, Lemma Senbet and Patricio Velenzuela, Improving Access to Banking: Evidence from Kenya, Working Paper.

APPENDIX B. WOMEN'S MARKET OPPORTUNITY CALCULATIONS

The high-level logic of the model can be described through the following key steps:

1. **Determining socioeconomic segments** (on the base of monthly income, occupation, and by gender)
2. **Determining % of unbanked**
3. **Determining % of underbanked***
4. **Assumptions on potential revenue per segment** (net interest income and fee & commission income)

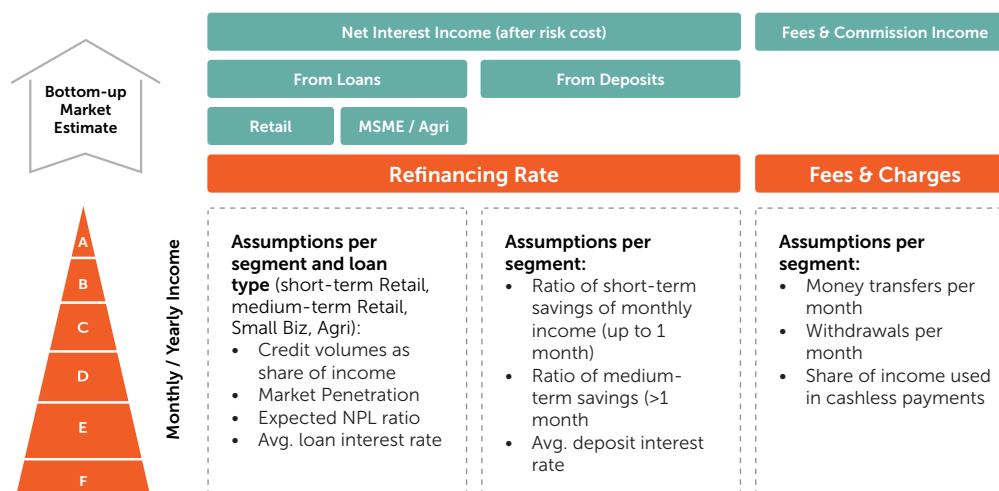
The assumptions used for the model were based on the following data sources:

Area	Assumption	Source(s)
Population	Sociodemographic / economic	CCX estimations based on Global Findex 2017 Survey, GNI per capita (Atlas method), INE labor force statistics 2019
	Economic activity	
	Access to finance / banked	
	Usage/degree of being underserved	CCX assumptions based on past experience
Products	Deposits/savings	Banks' and MFIs' terms and conditions sheets
	Loans	
	Payments	

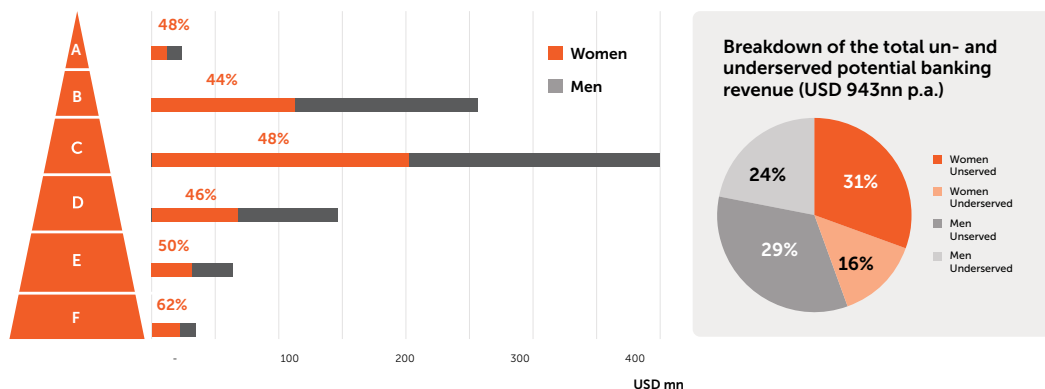
The untapped potential banking revenues of women and men in Honduras
(in US millions and by percent)

*Underbanked: Customers who may have access to a basic transaction account offered by a formal financial institution, but still have financial needs that are unmet or not appropriately met.

Revenue source assumptions used for the modelling



The untapped potential banking revenues of women and men in Honduras (USD mn and %)



An overview of the assumptions deployed in the model can be found below:

		Segment F		Segment E		Segment D		Segment C		Segment B		Segment A	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Deposits and Savings													
	Short term savings (...)	35%	35%	35%	35%	40%	40%	40%	40%	40%	40%	40%	40%
	Long term savings (...)	8%	8%	10%	10%	12%	12%	15%	15%	15%	15%	15%	15%
Transactions & Payments													
	Money transfers per month	2	2	2	2	3	3	3	3	5	5	10	10
	Withdrawals per month	2	2	3	3	3	3	3	3	5	5	5	5
	% of income used in cashless payments	25%	25%	30%	30%	30%	30%	40%	40%	40%	40%	30%	30%
Loans Retail, (very) short-term liquidity mgmt													
	Credit Volume (% of MONTHLY income)	100%	100%	100%	100%	150%	150%	200%	200%	200%	200%	200%	200%
	Credit Penetration (% of client)	35%	35%	30%	30%	25%	25%	20%	20%	20%	20%	20%	20%
	Expected Loan Losses (net of recovery)	5.0%	3.0%	4.5%	2.5%	4.0%	2.0%	3.5%	1.5%	3.5%	1.5%	3.5%	1.5%
Loans Retail, medium-term													
	Credit Volume (% of ANNUAL income)	40%	40%	60%	60%	80%	80%	100%	100%	100%	100%	100%	100%
	Credit Penetration (% of clients)	10%	10%	15%	15%	20%	20%	30%	30%	30%	30%	30%	30%
	Expected Loan Losses (net of recovery)	4.0%	2.0%	3.5%	1.5%	3.0%	1.0%	3.0%	1.0%	3.0%	1.0%	3.0%	1.0%
Loans Small Business, e.g. inventory finance													
	Credit Volume (% of MONTHLY income)	40%	40%	35%	35%	30%	30%	20%	20%	20%	20%	20%	20%
	% of segment small business owners	21.80%	16.63%	29.07%	21.41%	38.76%	26.77%	43.06%	28.18%	38.70%	27.61%	34.83%	24.85%
	Credit Penetration (% of clients)	90%	90%	80%	80%	70%	70%	50%	50%	50%	50%	50%	50%
	Expected Loan Losses (net of recovery)	5.0%	3.0%	4.5%	2.5%	4.0%	2.0%	3.5%	1.5%	3.5%	1.5%	3.5%	1.5%
Loans Agri-Finance													
	Credit Volume (% of ANNUAL income)	40%	40%	40%	40%	30%	30%	20%	20%	20%	20%	20%	20%
	Share of Segment active in agriculture	10.00%	0.20%	19.00%	0.50%	16.00%	0.50%	9.00%	0.20%	5.00%	0.10%	0.00%	0.00%
	Credit Penetration (% of clients)	60%	60%	80%	80%	60%	60%	30%	30%	30%	30%	30%	30%
	Expected Loan Losses (net of recovery)	5.0%	3.0%	4.5%	2.5%	4.0%	2.0%	3.5%	1.5%	3.5%	1.5%	3.5%	1.5%
Rates													
	Borrowing rate	45%	45%	39%	39%	34%	34%	28%	28%	23%	23%	17%	17%
	Deposit rate	0.3%	0.3%	1.2%	1.2%	2.2%	2.2%	3.1%	3.1%	4.1%	4.1%	5.0%	5.0%
	Refinancing rate	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
	Money transfer fee, US\$	0.29	0.29	0.29	0.29	0.41	0.41	0.41	0.41	0.62	0.62	0.82	0.82
	Withdrawal fee, US\$	0.51	0.51	0.61	0.61	0.70	0.70	0.80	0.80	0.89	0.89	0.98	0.98
	Fee for cashless payments (% of value of transactions, banks' share)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

REFERENCES

- Alliance for Financial Inclusion. (AFI) S.A.. [“The Maya Declaration.”](#) (Web page)
- Alliance for Financial Inclusion. 2018. [“Honduras: competitiveness’ chain reaction for financial inclusion.”](#)
- Alliance for Financial Inclusion. 2021. [“Sex disaggregated data essential to women’s financial inclusion.”](#) Interview with Ethel Deras. March 24, 2021.
- Britt, C., and Morgan, D.. 2021. [“USAID/Honduras COVID-Specific Gender Analysis.”](#) Prepared by Banyan Global.
- CAF (Banco de Desarrollo de América Latina). 2018. [“Inclusión Financiera de las Mujeres en América Latina.”](#) n.30.
- Ávila, C.T. and Calle, E.M.C. 2018. [“Cerrando brechas? Las Estrategias Nacionales de Inclusión Financiera en América Latina y el Caribe.”](#) Instituto de estudios Peruanos. (Documento de Trabajo 245. Estudios sobre Desarrollo, 23)
- Comisión Nacional de Bancos y Seguros. [“Boletines Estadísticos Y Financieros.”](#) (Web page)
- Comisión Nacional de Bancos y Seguros. 2020. [“CNBS da a Conocer Logros en Materia de Inclusión Financiera para las Mujeres.”](#) Blog. December 4, 2020.
- Comisión Nacional de Bancos y Seguros. [“Depósitos de Ahorro. A Plazo y a la Vista - con Enfoque de Género.”](#)
- Comisión Nacional de Bancos y Seguros. 2015–2021. [Financial Inclusion Reports](#), (Web page)
- Comisión Nacional de Bancos y Seguros. 2019. [“Informe de Actividades del Programa del Inclusión Financiera de las Mujeres”](#)
- Comisión Nacional de Bancos y Seguros. 2020; 2021. [“Informe de Brecha de Género en el Sistema Financiero de Honduras.”](#) Gender gap reports.
- Comisión Nacional de Bancos y Seguros. 2015-2020. [“Publicaciones Estadísticas y Financieras - Memoria Anual – Memoria Anual.”](#) (Web page)
- Comisión Nacional de Bancos y Seguros and Toronto Centre. 2019. “Presentación de Resultados de Grupos Focales.” July 2019
- Congreso Nacional. “Ley Para El Fomento Y Desarrollo De La Competitividad De La Micro, Pequeña Y Mediana Empresa.” Decreto No. 1352008, Artículo 3. Definiciones.
- Consejo Hondureño de la Empresa Privada (COHEP). 2019. “Boletín Mercado Laboral”
- Consejo Hondureño de la Empresa Privada and International Labour Organization. 2017. “Encuesta Empresarial de Honduras 2017: Análisis de Resultados.”
- Economist Intelligence Unit: [Global Microscope 2019 \(eiu.com\)](#)
- Financial Alliance for Women. 2019. [“The Economics of Banking on Women.”](#)
- Financial Alliance for Women. 2021. [“Gender-Intelligent Fintech Design.”](#)
- Flores, G. 2019. [“Women’s Leadership in Sustainable Finance in Honduras.”](#) UN-REDD Programme blog. May 28, 2019.
- Her Majesty’s Treasury. 2019. [“Investing in Women Code.”](#) July 15, 2019, last updated February 10, 2021.
- IFC & FMO. 2020. [“Non-Financial Services: The Key to Unlocking the Growth Potential of Women-led Small and Medium Enterprises for Banks”](#).
- Inter-American Development Bank (IDB), Espiralica, and Secretaría de Industria y Comercio (SIC). 2013. “Diagnóstico sectorial de la Mipyme no agrícola en Honduras.” January, 2013.
- Instituto Nacional de Estadística (INE). 2019. “Características de las Mujeres en Honduras.”
- Instituto Nacional de Estadística. 2013. Censo de Población y Vivienda.
- Instituto Nacional de Estadística. 2019. “Cuadros de Mercado Laboral por Género. “LXV Encuesta Permanente de Hogares de Propósitos Múltiples.
- Instituto Nacional de Estadística. 2019. “Pobreza.” LXV Encuesta Permanente de Hogares de Propósitos Múltiples.
- Presidencia Honduras. 2021. [“Por iniciativa del presidente Hernández: Emprendedores y sectores vulnerables recibirán educación financiera.”](#)
- REDCAMIF. [“Microfinanzas de Centroamérica y del Caribe.”](#) Diciembre, 2019. Revista N° 32.
- Sistema de Naciones Unidas y Gobierno de Honduras. “Objetivos de Desarrollo del Milenio, Honduras 2010.” Tercer Informe de País. September 2010,
- Valenzuela, C. and Cruz, D. 2017. [“Estudio de caso sobre estrategias para promover la inclusión financiera de pequeños productores rurales en Honduras.”](#) CEPAL.
- WFID Partnership. 2018. [“The Way Forward: How Data Can Propel Full Financial Inclusion for Women.”](#)
- Women and Girls Empowered (WAGE). 2019. [“Women’s Economic Empowerment in Honduras: Barriers, Opportunities, and a Path Forward.”](#)
- World Bank. 2017. [“Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.”](#)
- World Economic Forum. 2021. [“Global Gender Gap Report 2021.”](#) March, 2021.

END NOTES

1. WFID Partnership. 2018.
2. In Honduras, instead of a survey, this primary research was conducted by way of in-depth interviews with 6 commercial banks (out of 15) covering 52 percent of the total assets of the banking sector (and 40 percent of the total female accounts in this sector),³ (out of 15) OPDFs (deposit-taking micro-finance institutions) and financial companies, covering 21 percent of the total assets of the MFI sector, accounting for 70 percent of female accounts in MFIs, 2 cooperatives (out of 87 supervised by Consucoop), as well as one of the two state development banks. Interview findings were aligned with the survey questionnaire applied in other countries researched.
3. See: CNBS. "[Overview of women's financial inclusion initiative](#)."
4. CNBS. 2015.; CNBS. 2020. & Presidencia Honduras. 2021.
5. USD/HNL conversion rate as of December 31, 2020.
6. HM Treasury. 2019.
7. Changes in access to formal finance for women based on Global Findex 2011-2017. Honduras: 21 percent to > 45 percent; Latin America: 35 percent to > 51 percent; Lower middle-income countries: 23 percent to > 53 percent.
8. CCX analysis of 2011 and 2017 Global Findex data by World Bank (population of 15+ years), five peer countries at similar levels of GNI per capita are: Bolivia, Cambodia, Kyrgyzstan, Nicaragua and Myanmar
9. Reporte de Brecha de Genero en Honduras. 2020. CNBS, Informe de Brecha de Género en el Sistema Financiero de Honduras. 2021.
10. CCX analysis of data from CNBS in the 2020 Gender Gap Report (Deposit Statistics 2015- 2019): Reporte de Brecha de Genero en Honduras, 2020.
11. CCX analysis of data 2017 Global Findex raw data for [Honduras](#) by World Bank
12. Social and economic roles may be the strongest effect linked to those two characteristics: for the richest fifth, the gender gap was 18 percentage points (possibly due to women as dependents on male breadwinners) whereas in the second poorest quintile of households women were more frequently included (42 percent to 34 percent) possibly as employees in low-paying formal economy jobs.
13. INE, 2019.
14. CNBS, 2021.
15. Financial Alliance for Women. 2021.
16. CNBS and Toronto Centre, 2019., FAFW, 2019.
17. Britt, Charla and David Morgan. 2021.
18. AFI, S.A.
19. The 2015 progress report highlighted the four Maya Declaration commitments made by Honduras on September 11, 2014.
20. The [Toronto Centre](#) is an institution that provides global leadership and capacity building in financial sector supervision.
21. This includes the narrow "sistema financiero": commercial banks and finance companies, as well as deposit-taking microfinance institutions (OPDF) as well as regulated electronic wallets (Tigo and Tingo), remittance companies, insurance companies, private and public pension funds, and a guarantee fund.
22. The extent to which this will be possible will strongly depend on the quality and consistency with which FSPs capture and update such data points on their clients
23. CCX calculations based on CNBS statistics about supervised institutions as of December 31, 2019
24. It also would mean revising mobile and alternative physical distribution channels (especially agents) to address needs and constraints of lower-income and non-urban populations, who may not have access to smart phones or a Wi-Fi connection. Cooperatives and some microfinance institutions could be better positioned than commercial banks to penetrate these segments.
25. CNBS. 2019; 2020.
26. CNBS. 2020.
27. CNBS. 2021.
28. CNBS. 2019.
29. CCX Interviews with Ficohsa, Lafise, Promerica, BanPaís, Banco Popular and several interviews with CNBS
30. CNBS. 2021.
31. For example: **WSME definition by We-Fi:** Women-Owned/Women-Led Firm if either: a) ≥ 51 percent owned by a woman/women; or b) ≥ 20 percent owned by a woman/women; and have ≥ 1 woman as CEO/COO (President/Vice President); and have ≥ 30 percent of the board of women, where a board exists; or c) for those women entrepreneurs with a loan from a financial institution, the loan size at origination would be between US\$5,000 to US\$1 million. **WSME definition by IFC:** An enterprise qualifies as a woman-owned enterprise if it meets the following criteria: (a) ≥ 51 percent owned by woman/women; OR (b) ≥ 20 percent owned by woman/women; AND (i) has ≥ 1 woman as CEO/COO/President/Vice President; AND (ii) has ≥ 30 percent of the board of directors composed of women, where a board exists.
32. CCX Interviews with Ficohsa (Financial Alliance for Women member since 2016), Lafise and Promerica (participants in the 2020 All Stars event) indicated that they felt the exposure to such experience at international peers offered by Financial Alliance for Women was very important and relevant
33. Interview with Consucoop, sector statistics by CNBS
34. Interviews with CNBS and Consucoop, published notes about SIIF
35. Interviews with CNBS and Toronto Centre
36. Interview with Redmicroh and Banco Popular, and Redcamif, 2019.
37. The Global Findex Database defines account ownership as having an account at a financial institution as a bank, credit union, microfinance institution, cooperative, post office, or a debit card in their own name. The definition also includes respondents who reported receiving wages, government transfers, a public sector pension (included in 2017 data), or payments for agricultural products into a financial institution account in the past 12 months; paying utility bills or school fees from a financial institution account in the past 12 months; or receiving wages or government transfers into a card in the past 12 months (Global Findex Database 2017, p. 131).
38. Data from 2019 is excluded due to large gaps in availability of information. For robustness, averages between 2012 and 2016, and 2013 and 2017, are also used in the analysis.



Towards Women's Financial Inclusion: a Gender Data Diagnostic of Honduras

Prepared for the WFID Partnership
January 2022

data2x^o

FINANCIAL
ALLIANCE
FOR
WOMEN