

Gender Data for Financial Inclusion: A Synthesis Brief of Diagnostics in Six Countries

A WFID Partnership Project¹

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Women remain both unserved and underserved compared to men in all segments of the financial sector, from bottom-of-the-pyramid to high-net-worth, even though the women's market represents a multi-trillion-dollar opportunity. Financial service providers (FSPs) and financial regulators are data-driven organizations—but not always when it comes to women. The lack of sufficient collection, quality, and usage of gender data (or sex-disaggregated data) plays a major role in sustaining the gender gap in financial services. This data is essential to size the market and build convincing evidence on the women's market opportunity, design effective policies and products that will drive women's financial inclusion and health, and track and evaluate the impact of these policies.

Against this backdrop, in 2014, leading proponents of women's financial inclusion formed the

Women's Financial Inclusion Data (WFID) Partnership to increase the availability and use of sex-disaggregated financial data. In 2020, the partnership launched a three-year gender data project in six countries (Bangladesh, Honduras, Kenya, Nigeria, Pakistan, and Turkey). These countries were chosen because they are all committed to making progress in women's financial inclusion. Many have committed to

Members of the Women's Financial Inclusion Data Partnership

- The Alliance for Financial Inclusion
- Data2X
- European Bank for Reconstruction and Development
- Financial Alliance for Women
- Inter-American Development Bank
- IDB Invest
- International Finance Corporation
- International Monetary Fund
- World Bank Group
- Organization for Economic Cooperation and Development
- United Nations Capital Development Fund

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the Alliance for Financial Inclusion's Denarau Action Plan to accelerate progress in women's financial inclusion; others have developed gender policy frameworks or developed specific gender targets. The selected countries represent a diversity of regions, cultures, social norms, and economic circumstances, and could serve as models for other countries.

This brief summarizes the main findings and lessons learned from the six gender data diagnostics. The diagnostic work included surveying the majority of financial sector providers (FSPs) in each country, interviewing key stakeholders in both the private and public sectors, estimating the women's market opportunity, and forecasting the gender gap.

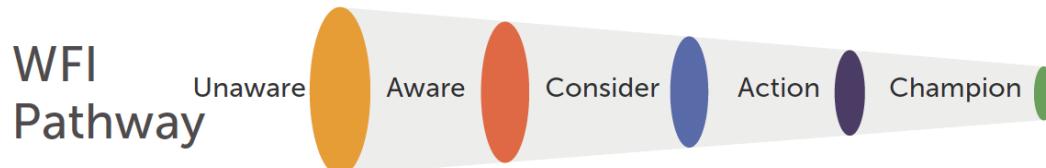
The diagnostics examined the availability of sex-disaggregated demand-side data—data that captures the financial needs and behaviors of various populations, typically collected through survey instruments or focus groups. They also examined sex-disaggregated supply-side data— administrative data that financial institutions gather on their client portfolios. The WFID Partnership and this project have prioritized the production and use of sex-disaggregated supply-side data since it is less available than demand-side data.

The country diagnostics were guided by and sought to test a theory of change that explains how gender data can propel women's financial inclusion. This theory of change is described below.

THE WFID PARTNERSHIP'S THEORY OF CHANGE

The WFID Partnership's 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 policymakers and FSPs to take action toward closing the financial inclusion gender gap. Data helps actors move through the women's financial inclusion (WFI) pathway by increasing awareness, catalyzing action, and ultimately leading to the development of WFI champions—stakeholders who have an impact on WFI through either policy action or serving the market. These WFI champions represent the final stage of the framework shown in Figure 1. Policymakers and FSPs move through a five-stage WFI pathway, beginning with being unaware of the relevance of WFI to becoming aware of the gaps, moving to considering action in response to the knowledge they have attained, taking action by implementing strategies to close gaps; and finally, demonstrating impact and becoming WFI champions.²

Figure 1. Stakeholder pathway to champion women's financial inclusion



² WFID Partnership. 2018. "The Way Forward: How Data Can Propel Full Financial Inclusion for Women."

MAIN FINDINGS: INSIGHTS FROM COUNTRY DIAGNOSTICS

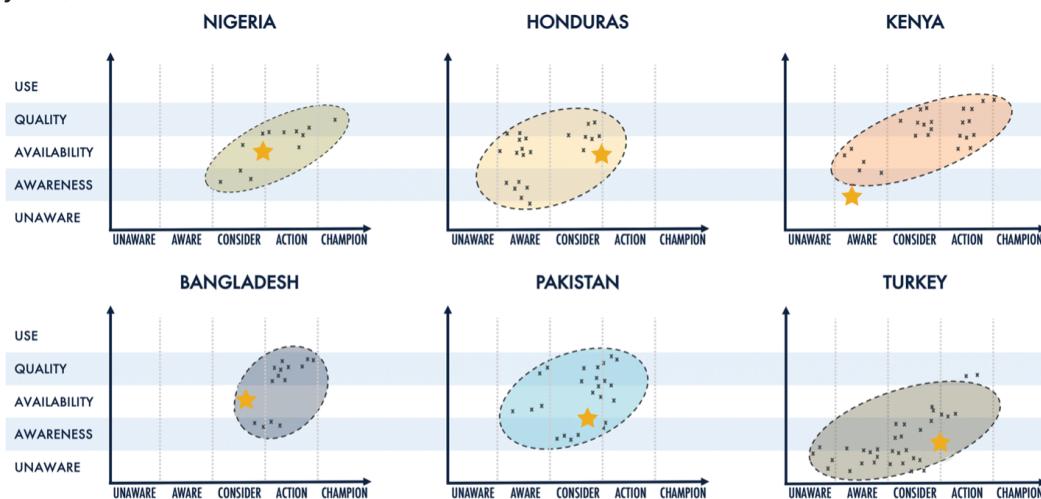
Overall, the country diagnostics support the project's theory of change: Gender data insights can drive public policies or private sector practices aimed at increasing women's financial inclusion. For example, in Nigeria, the Central Bank of Nigeria developed an implementation framework for advancing women's financial inclusion in response to demand-side data collected by a local sector development organization showing a growing gender gap in financial inclusion.³ In Pakistan, the newly enacted Banking on Equality Policy was motivated in part by the sex-disaggregated data reported by regulated banks, as mandated by the State Bank of Pakistan.

The diagnostics also suggest that the WFI pathway is organic and iterative—just as gender data can motivate WFI, action can precede and motivate the gathering of gender data. In both Kenya and Turkey, many commercial banks have introduced women's offerings and are well into the Action phase of the WFI pathway; however, they continue to lag in using sex-disaggregated supply-side data to inform these market offerings. By already serving the women's market, these banks have a head start, enabling them to deploy supply-side data to shape more comprehensive women's market strategies. In Honduras, Nigeria, and Pakistan, financial regulators played a critical role in mandating sex-disaggregated data from FSPs, led by gender champions working in these agencies.

A SNAPSHOT OF COUNTRY PROGRESS ALONG THE WFI PATHWAY

All six countries have advanced along the pathway, although more progress is needed to reach the point where comprehensive gender data is available and used effectively to propel WFI. Figure 2 maps the progress of financial regulators and FSPs on the pathway's five stages and their readiness to use gender data. Readiness ranges

Figure 2: The position of regulators and FSPs in the WFI pathway (x-axis) and gender data readiness (y-axis) matrix



³ EFInA (Enhancing Financial Innovation and Access). Access to Financial Services Survey Report.

from little understanding of the importance of gender data to some awareness with low data availability, to the availability of gender data, to the availability of high-quality gender data, to using gender data in practice to inform policies and design products and services.

As Figure 2 shows, most of the six countries have notable private sector performers. All countries also have laggards, and no country ranks at the top for both data readiness and progress along the WFI pathway.

Countries that are more advanced in the data readiness dimension tend to be further along in the WFI journey. In addition, countries that are on their way to becoming champions are also those with more and better-quality data. This is clearly the case for financial regulators. Also while the position of FSPs within each country's pathway are more complex, similar findings were observed. In most of the markets we found that the FSPs closest to being WFI champions are also the ones with the best data available.

In most countries, financial regulators have led the way and encouraged FSPs to move from the “Consider stage” to the “Action stage” of the WFI pathway. Figure 2 shows that with some exceptions, regulators are more advanced along the pathway than FSPs, demonstrating the key role they can play in promoting women's financial inclusion. By incentivizing sex-disaggregated data reporting, financial regulators have encouraged FSPs to focus on the women's market and increase their production of supply-side gender data. For example, in 2017 the State Bank of Pakistan began mandating monthly sex-disaggregated data reporting of unique accounts from regulated FSPs. This requirement transformed the gender data landscape in Pakistan, allowing more accurate measurements of progress on WFI and more reliable sizing of the women's market opportunity. Likewise, regulatory encouragement of gender data reporting was instrumental in moving the market in Bangladesh, Honduras, and Nigeria. By contrast, in Kenya, FSPs have taken the lead in promoting WFI by developing sophisticated women's market offerings.

Yet, most FSPs do not deploy the gender data analysis needed to fully grasp and tap into women's market opportunity. There are several reasons for this. Gender data reporting is typically not mainstreamed, meaning that FSPs might not have information in standardized formats, making analysis difficult. In addition, gender data literacy is often limited, meaning they might not know how to use the data they do have. The result is that they do not have an evidence-based understanding of the business case for serving women, which poses a barrier to expanding women's offerings. In fact, this was a common refrain from the FSP surveys and interviews conducted in all six countries. For instance, leading banks in Nigeria recognize the strategic opportunity presented by the women's market, but when questioned on why they have not moved forward in their WFI journey, they cited the need for more evidence of a quantifiable business case and more knowledge on how to build scalable models. Similarly, half of the banks interviewed in Pakistan saw women customers as a core element of their growth strategy. But when questioned on the reasons they have not advanced further in their WFI pathway, most responded that they also needed more evidence of the business case to do so.

In Bangladesh, Kenya, and Turkey, FSPs seem to be aware of the business case of serving the women's market. In Bangladesh and Kenya, this awareness is partly due to increased competition in the banking sector and the need to both grow the customer base and differentiate from competition. Some Kenyan FSPs were swayed partly by the influence of development finance institutions such as the IFC, which has introduced WFI-focused programs. Turkish FSPs have gained an appreciation for the economic importance of women SMEs, amplified by the government, the EBRD, other donors, and regional and local business associations. In Honduras, all banks report supply-side gender data to the regulator, and several have launched women's market offerings. However, given the limited availability of demand-side data on individuals and businesses, it remains difficult for Honduran FSPs to build a nuanced understanding of women's financial needs or the financial services and delivery mechanisms that would work well for them.⁴

CALCULATING THE WOMEN'S MARKET GAPS AND OPPORTUNITIES

If no further action is taken to promote WFI, the gender gaps in access to financial services are likely to persist in most countries over the next decade. In some countries, the financial inclusion gender gap could even grow. For example, in Honduras, this gap could double from 8% to 16% by 2030; while in Pakistan it could remain at 32%. To illustrate the power of gender data, we developed a forecasting model based on national-level data to predict the gap in access to financial services between men and women if no further actions are taken.⁵ Quantifying these gender gaps can help to build awareness on the importance of targeting women. Countries can use the data—gathered on a continual basis—to catalyze action, set targeted goals, and monitor progress against them.

It is important to note that even in a country like Kenya, which has succeeded in narrowing its gender gap in access to finance, a significant usage gap remains—14%. This illustrates a key point: Just because women have similar access to finance as men does not mean that women are making use of this access at the same rate as men. Like the access-to-finance gender gap, this usage-of-financial-services gap represents enormous revenue opportunities for FSPs by deepening their reach into the women's market.

The annual revenue opportunity of reaching unbanked or underserved women in the six countries is substantial; it ranges from an estimated \$352 million USD in Kenya to \$1,159 million USD in Turkey. The diagnostic work also calculated women's market opportunity in each country to build business cases across the private sector, using data on both unbanked and underserved women. These calculations were based on the demand-side data available in each market, complemented by revenue source

⁴ In response to this data gap, the government of Honduras has launched demand-side surveys to assess women's financial needs in the country in collaborations with the IDB.

⁵ Forecasting models were based on Global Findex 2017, World Bank, IIASA, and IMF databases. The World Data Lab forecasted the gender gap in access to formal finance (adults having a bank account in a financial institution or with a mobile money provider) using non-linear models with many relevant covariates, such as GDP growth, inflation, literacy, proximity to banks/agents, secondary/tertiary education, and ownership of mobile phones to predict the likelihood of being banked over the next decade. See detailed description of the forecasting models in Appendix A of the country diagnostics.

assumptions. In addition, market sizing calculations were conducted for specific segments of the women’s market to indicate opportunities within various customer segments. The availability of robust demand-side data enabled the calculations, revealing compelling business cases. By increasing the availability of supply-side data, these business case metrics could be enhanced further and leveraged more. Even given the limitations—including incomplete data sources and the assumptions made—our calculations suggest the potential for substantial banking market revenue gains if FSPs were to maximize their women’s market opportunities, ranging from a roughly estimated low of 2% (in Turkey) to a high of 25% (in Honduras). See Figure 3 for illustration of gender gaps and opportunities.⁶

Figure 3. Access to financial services: Estimated gender gaps and opportunities

	Estimated gender gap in access to formal financial services by 2030	Estimated annual FSP revenue potential in women’s market
Bangladesh	16%	\$973 M
Honduras	16%	\$446 M
Kenya	<1%	\$352 M
Nigeria	7%	\$766 M
Pakistan	32%	\$652 M
Turkey	22%	\$1,159 M

KEY LEARNINGS

The diagnostic work uncovered some important learnings on the state of gender data across the six countries, presented here.

DATA AVAILABILITY

- Countries have more gender data available than expected, including demand-side data and, to a lesser but still notable extent, supply-side data. Demand-side surveys have long been used in the financial sector and have enabled the scoping of the untapped FSP opportunity in the women’s market in Bangladesh, Kenya, Nigeria, and Turkey. More recently, financial regulators have prioritized the sex-disaggregation of the data reported by FSPs, and this has increased the availability of sex-disaggregated supply-side data in most countries.
- Limitations in either supply- or demand-side data impede a thorough grasp of the women’s market, including women customer segment needs and behaviors. This underscores the importance of both types of data in designing effective women’s market strategies. For example, in Honduras, the lack of demand-side data makes

⁶ In the case of Pakistan, there is available data on the banking sector revenue, which is provided by SBP. For the other 5 countries, the estimate for the total banking revenue was made on the basis of: the total assets and return on assets of the banking sector and an estimated profitability ratio of banks from each respective market.

it difficult for FSPS to build a nuanced understanding of women's financial needs or the financial services and delivery mechanisms that would work well for them. In Kenya, on the other hand, the lack of supply-side data makes it difficult to get a handle on the reasons behind a 14% gender gap in usage of financial services.

- Gender data champions with influential roles in the financial services ecosystem are instrumental in driving gender data collection and reporting. In most countries (Honduras, Nigeria, Pakistan), the commitment from financial regulators (WFI champions) to launch sex-disaggregated data collection was critical. In Kenya, the influence of two groups—Kenya Bankers Association and Financial Sector Deepening Trust—drove market action from FSPs, which in turn influenced government policy to focus on financial inclusion for women. External stakeholders (donors and IFIs) have played an important role in all countries in influencing financial regulators to collect gender data to expand and track women's financial inclusion.
- There is an enormous gap in the availability of WSME data. Sex-disaggregated data on retail customers and sole proprietors is much more available than data on WSMEs, in part due to the difficulty in identifying and tagging WSMEs. Unless FSPs have been encouraged to do so by an investor or international organization, most do not have the systems or processes in place to do so. This problem is exacerbated by a lack of common WSME definitions. For example, in Kenya, this impedes FSPs' ability to measure the uptake of existing small business products. In Honduras, it inhibits the financial regulator's ability to run meaningful analysis on the data reported by FSPs. In Bangladesh, while a standardized definition of WSMEs exists, it is not universally used by FSPs to identify such businesses. This stands in contrast to ongoing global interest in supporting WSMEs and highlights the importance of agreeing on a common, widely shared operational definition of WSMEs that the financial sector can adopt, along with simple metrics that FSPs can use.⁷
- Going forward, improving the reporting of both supply- and demand-side data—including WSME data—will be the primary data availability challenge to address.

DATA PRODUCTION

- The uneven mechanics of how data is generated impact quality and make standardization difficult. FSPs in several countries, including Bangladesh and Kenya, typically rely on manual data entry, which increases risk of errors and affects quality, frequency, and reliability. In Kenya, this is a likely reason that commercial banks do not make use of the data to shape their women's offerings. In other countries, like Nigeria, a mix of manual and automated processes is involved, potentially creating discrepancies that can impact the integrity of the data analysis.
- The types of data FSPs produce to meet regulators' requests are not necessarily the types of data that could deeply inform commercial product development decisions. Typically, regulators ask for data on the number of women accessing financial services. This information is only the beginning of what is needed to design commercial offerings. Granular, sex-disaggregated indicators such as

⁷ See WFIID Partnership's Women's Financial Inclusion Data Dictionary for operational definitions of WSMEs.

non-performing loan statistics are generally not requested. But such information, reported on a timely basis with standardized frequency could help build the business case that women make good customers. Transactional, customer-level data would also serve to highlight the ways in which women make use of the financial services they are accessing, helping to uncover the types of products women customers want and enabling targeted marketing campaigns to further increase uptake.

- Going forward, the primary data production challenges will include upgrading data systems from manual to electronic platforms and deepening the data collection to include sex-disaggregated, individual customer-level transaction data. The rise of fintechs could ease reporting challenges, as branchless banking in all countries presents a unique opportunity to electronically collect and report detailed sex-disaggregated data. This is especially important in countries like Kenya, where mobile banking prevails and the gender gap is in usage of financial services, not in access. A shift to digital platforms in Pakistan should significantly increase the availability of gender data linked to women's bank accounts, as government social safety net beneficiary payments, public sector salaries, and garment worker wages are all migrating to electronic platforms.

DATA USAGE

- FSPs do not routinely include the gender data produced in their own reporting to management. This could be due in part to the limitations in availability and production noted above. In Nigeria, for instance, only about a quarter of MFBs routinely include sex-disaggregated data in management reporting; about a half include this data only occasionally, and another quarter never do. Similarly, in Pakistan despite decent data capabilities, less than 40% of FSPs include sex-disaggregated data in their regular automated reporting. And in Turkey, while banks have the tools to collect and analyze detailed sex-disaggregated data on individual accounts, they do not include it in their internal reporting.
- Using the data in management reporting is a first step that will encourage more data analysis and interpretation, helping to bring the business case to the attention of senior leaders. In turn, this will drive increased interest and buy-in from management, ideally leading to a stronger focus on the women's market.
- Going forward, mainstreaming gender data into regular management reporting will be the primary data usage challenge to address. This requires strengthening the business case for WFI, improving the mechanics of data collection and, importantly, increasing the capacity of FSPs to collect and analyze data to inform decision-making.

DATA DRIVING ACTION

- FSPs do not routinely deploy gender data to inform products or track performance of women's portfolios. To some extent, this could be due to knowledge gaps, which FSPs themselves appear eager to close. FSPs interviewed in all six countries routinely requested information on how to use data in designing and scaling women's customer value propositions.

- An expansion in the scale and scope of women's financial offerings is dependent on raising FSP and regulator awareness about the value of gender data and data analysis in informing decisions. There is a bit of circular logic at play among decision makers. Many said that they wanted more evidence of the business case for expanding their reach into the women's market. But they actually do have some of this evidence at their fingertips—in the form of the gender data they are already producing. Governments, donors, and international networks have a strong role to play in breaking this cycle by publishing best practices, research, and use cases on the business opportunity of the women's market.
- The financial services ecosystem is rich, robust, and complex; progress on increased gender data generation and usage to drive effective action will require complementary and coordinated effort across the ecosystem. The diagnostics revealed how this ecosystem intersects with the overall state of WFI. Women's exclusion from financial services in the countries studied is linked to a host of factors outside the purview of regulators or FSPs, including the nature of women's labor force participation and the prevalence of traditional gender norms. It leads to a range of exclusionary situations, from sizable constraints in women's access to financial services as in Pakistan to differential access as in Honduras and Nigeria, to issues with usage rather than access as in Kenya.
- Going forward, the data-driving-action challenges include identifying ways to strengthen all stakeholders' ability to collect, report, and use gender data to increase women's access to and usage of financial services, while encouraging collaborative thinking and action on the intersecting issue of WFI. This will require engagement across the private and public sectors, along with international organizations, donors, associations, and civil society.

CONCLUSION

These diagnostics are a tool that can be used to map the ecosystem of financial services, identify gaps and opportunities, and build a coalition of stakeholders to drive action on women's financial inclusion. The detailed mapping of the supply-side ecosystem in these diagnostics helps to pinpoint the agencies and stakeholders that are well-positioned to advance WFI using gender data. For example, in Kenya, a country where digital services are the major vehicle for WFI, the Digital Lenders Association of Kenya can serve as a focal point for sex-disaggregating digital data. In Honduras, a group of FSPs that account for half of total loan volume and have launched product offerings for women could use their collective power to influence the collection and use of gender data for WFI. And in Nigeria, a civil society organization such as EFInA can use its knowledge and implementation capacity to undertake demand-side data collection.

Ultimately, the diagnostics call attention to the important role and contribution of different public and private sector stakeholders in advancing countries along the pathway towards women's full financial inclusion and the need for coordination and collaboration among all stakeholders to develop data driven WFI solutions.