

FinEQUITY BRIEF

Advancing Gender Equality While Driving Business Growth: Resources for Financial Service Providers

June 2023

Women represent half the global population, yet many face persistent barriers to accessing and using financial services. This FinEquity brief, which draws on knowledge from the FinEquity community of practice, outlines why financial service providers (FSPs) should advance gender equality in financial inclusion and how they can approach this process. By focusing on women as customers, FSPs can tap into an underserved market and increase their customer base, ultimately leading to business growth and revenue. This also requires expanding the participation of women in the financial services workforce and promoting gender diversity and women's leadership to benefit from increased innovation and better overall business performance.

The brief highlights the financial and sustainability benefits that FSPs can realize by focusing on women as customers, employees, and leaders. It then synthesizes resources from three FinEquity knowledge guides to provide practical steps and tools for FSPs to enhance gender diversity and leadership across their institutions, advance the use of gender data and analysis, and adopt a gender-intelligent approach to product design and delivery.

Assessing the gender gap in financial services

Women's financial inclusion is a powerful lever to boost gender equality¹ and facilitate inclusive economic growth, financial stability, and income equality (Khera et al., 2022). While financial inclusion alone may not result in gender equality, appropriate financial services – including savings, credit, insurance, and payments – are influential in supporting women's social and economic empowerment. However, women remain underrepresented in financial services as customers and in the workforce. Even as the last Findex survey showed some gains in closing the gender gap in financial inclusion, over 700 million women remain excluded (Demirgüç-Kunt et al., 2021; Kelly, 2022).

¹ Gender equality refers to equal rights, responsibilities, and opportunities for women/girls and men/boys. Gender equality implies that the interests, needs, and priorities of both women and men are considered and that responsibilities and opportunities will not depend on whether one is born male or female. (Source: UN Women)

In recent years, digital financial services (DFS) have helped close the financial inclusion gender gap in some regions, yet gaps in women's access to mobile phones and digital literacy mean that disparities across regions and countries persist (Khera et al., 2021; GSM Association, 2021; Highet, 2023). This gap is primarily driven by gender norms and other structural barriers that shape women's choices and behaviors and influence what they can and cannot do, including owning mobile phones and learning how to use them, having control over household resources and financial decision-making, and participating in the productive economy (Koning et al., 2021).

In addition, despite significant evidence demonstrating women's value in the workforce, they continue to encounter structural barriers to their full participation in the global economy. This is particularly true in industries such as financial services traditionally dominated by men. Deloitte's "Within Reach" report notes that even with a recently increased focus on diversity, equity, and inclusion (DEI) initiatives, the proportion of women in leadership roles within financial services firms has only modestly risen from 22 percent to 24 percent between 2016 and 2021 (Rogish et al., 2021). The gap continues to widen further between men and women in senior leadership roles and in the C-suite, which currently stands at 9 percent but is expected to reach 14 percent in 2030. Both men and women benefit from financial inclusion, but economic inequality falls more significantly when women have greater access (ILO, n.d.).

Why should gender equality matter to FSPs?

Financial service providers (FSPs) can benefit from greater gender equality in their workforce and leadership ranks, as FSPs with women leaders are found to have superior financial performance and to be more stable and resilient during financial crises (Sahay and Cihak, 2018). FSPs that invest in building strong, gender-diverse teams ensure that women are not left further behind as clients while also improving their financial performance.

IMPROVING BUSINESS

Beyond the macro-level benefits of economic growth and poverty alleviation, an ever-growing body of research focuses on how increasing women's participation in the financial services industry, both as customers and in leadership and the workforce, can lead to improved financial and business performance.

Women as customers can improve the business performance of FSPs by:

- **Increasing market share.** Women are the single largest underserved group of customers in financial services. Despite playing increasingly influential economic roles, they are consistently unserved or underserved. For example, the World Bank values the global finance gap for women entrepreneurs at US\$1.7 trillion (SME Finance Forum, n.d.). This is just the tip of the iceberg, as the female-led economy is rapidly growing and represents a massive opportunity for financial institutions. If women were approved at the same rate as men, FSPs could generate \$65 billion in new net interest income and fees from extending loans to existing retail customers (Oliver Wyman, 2020). Furthermore, FSPs could earn an additional \$30 billion in net interest income through women-led small and medium-sized enterprise (SME) loans.

- **Improving portfolio quality and reducing risk.** FSPs that prioritize the women’s market see financial benefits. A recent survey of 131 International Finance Corporation (IFC) financial institution (FI) clients found that the average non-performing loans (NPL) ratio for loan portfolios of women-owned SMEs was 4.4 percent, which is significantly lower than the average NPL ratio for total SME loan portfolios (5.1 percent) comprising men- and women-owned SMEs (IFC, 2023). Research and customer data from financial institutions show that women outpace men in overall growth in the volume of credit and volume of deposits, that women are strong savers with lower loan-to-deposit ratios than men, and that women-led businesses have lower non-performing loan rates than men (IFC, 2023; UNSGSA Gender Working Group, 2018). Several banks focusing on the women-led businesses segment have also developed more significant opportunities for cross-sales of insurance, savings, and other personal banking solutions.
- **Increasing profitability.** Women as customers are a profitable and scalable segment for Fintechs. FSPs that have actively designed products and value propositions for women customers see an increased annual growth rate and return on assets (IFC, 2017). Research with Fintechs has shown that the customer acquisition cost (CAC) for women was lower than or similar to that of men, and the lifetime customer value (LTV) is either equal or higher for female customers (Financial Alliance for Women, 2020).

INCREASING SUSTAINABILITY

Women in leadership and the workforce can increase the sustainability of FSPs by:

- **Boosting financial stability and economic growth.** Research indicates that the gender gap in leadership significantly impacts bank stability. Banks with higher shares of women board members have higher capital buffers, a lower proportion of non-performing loans, greater resistance to stress, and lesser risk of bankruptcy (Cihak and Sahay, 2018; Katz, 2015). Narrower gender gaps in leadership are also associated with lower income inequality, improving social stability and economic growth at the country level.
- **Increasing gender diversity, which is positively correlated with value creation and profitability.** McKinsey’s research in 2017 on 1,000 companies across 12 countries found that companies in the top quartile for gender diversity at the executive level were 21 percent more likely to outperform their fourth-quartile industry peers concerning profitability and 27 percent more likely to have superior value creation (Hunt et al., 2018). Greater representation of women in managerial positions and corporate boards is positively associated with improved institutional performance, such as funding obtained, revenues, and profitability (IMF, 2018). Research done by Oikocredit with members of its network found that women’s representation in leadership appears strongly correlated with proxies of a financial service provider’s ability to serve their female clients and reach their desired outcomes (de Montesquiou, 2023). It is important to remember that unequal representation in leadership positions is both a cause of and a contributor to gender disparities.
- **Promoting innovation.** According to research, incorporating diverse perspectives and experiences within teams leads to enhanced creativity and reduces the risk of groupthink among team members (Turban et al., 2019). This is critical in creating teams

that can transcend business as usual and develop the right financial solutions for women. Employing a gender diversity strategy that fosters innovation can ultimately result in added business value. A 2019 Boston Consulting Group study analyzed 1,700 companies across eight countries and found that companies with diverse leadership teams, including those with more women, generated greater innovation revenue and overall revenue than those without. The study also found that prioritizing diversity in leadership teams can increase a company's value by \$42 million on average over 14 years (Lorenzo et al., 2019). Teams that include more women are also better equipped to understand women customers. According to research conducted by the Center for Talent Innovation, teams that include at least one member who represents the gender, ethnicity, culture, generation, or sexual orientation of the team's target end users are up to 158 percent more likely to have a comprehensive understanding of their target customers (Hewlett et al., 2013). There is further emerging evidence that women leaders in the Fintech industry could be pivotal in developing, marketing, and supplying financial products that may better suit women's needs, which could help bridge the gender gap in digital financial inclusion (Khan and Ruh, 2020).

What FSPs should do to increase gender equality

To close the gender gap in financial inclusion and create opportunities for women's economic advancement, FSPs must recognize that they need to move away from gender-neutral institutional approaches. This starts from product design, data collection and analysis, to the staff FSPs hire, retain, and promote.

Building a gender-inclusive workforce is a change management process that takes commitment, time, resources, and knowledge. Even when institutions are committed to embarking on this journey and are ready to make the needed time and resource investments, they often do not know where to start or what tools to use, which might discourage them and reinforce the status quo. Moreover, without adequate and accurate sex-disaggregated data, FSPs may struggle to recognize the business opportunity presented by adopting a gender-inclusive approach. Finally, even with the data, FSPs may lack the tools and knowledge to turn data into actionable insights for designing products and delivery mechanisms that respond to women's financial needs, preferences, and aspirations.

FinEquity's suggested approach for FSPs to promote women's digital and financial inclusion can be summarized through the following three pillars:

- **Gender diversity and leadership development:** FSPs achieve a gender-balanced workforce through the recruitment, hiring, promotion, and retention of more women.
- **Gender data and analysis:** FSPs use gender data and analysis to better understand the scope of the women's market, gather insights on the financial needs and preferences of different sub-segments of women, and measure outcomes for women as customers.
- **Gender-intelligent design:** FSPs adopt a gender-intelligent approach to product design and delivery to increase inclusion.

BOX 1. A change management approach for FSPs to advance gender equality

Promoting gender equality through gender diversity and leadership, the use of gender data and analysis, and the adoption of gender-intelligent design require FSPs to move away from business as usual and embrace change, which can often be challenging and time consuming. Change management is a discipline that can support organizations to transition from an existing state that hinders their ability to achieve their organizational mission – in this case, gender equality – to an envisioned future state that allows them to achieve this mission.

Through change management, organizations prepare, equip, and support their stakeholders in effectively adapting to change. This structured approach allows leadership to systematically plan and develop organizational systems and enablers that break away from old practices and behaviors. This enables the pursuit of new pathways towards sustainable growth and value creation. Ultimately, change management provides a framework for achieving successful and lasting organizational change. The [CGAP Change Management Toolkit](#) is a great resource for FSPs to use. It provides tools and resources that can be utilized to create this shift in approach to deliver value to all stakeholders, especially to women customers.

How FSPs can increase gender equality

FinEquity's recent knowledge guides offer a curated set of resources for FSPs to advance gender equality in financial services. The first guide on [Gender Diversity and Leadership Development in Financial Services](#) supports FSPs to work towards a gender-balanced workforce across the entire employment life cycle.

The second guide on [Gender Data and Analysis](#) shares resources for FSPs to collect, analyze, and share data on market size, revenue, and profit to determine how they develop, market, disseminate, and measure (the impact of) products and services tailored to women's needs.

Finally, the guide on [Incorporating Gender-Intelligent Design in Financial Services](#) brings together a wide scope of resources for FSPs to engage in gender-intelligent design, including research, case studies, toolkits, and best practice guidelines.

The following sections identify steps FSPs can take in these three areas to advance gender equality.

GENDER DIVERSITY AND LEADERSHIP DEVELOPMENT

Step 1: Make the case

One of the first resources included in the [Gender Diversity and Leadership Development](#) knowledge guide is an [IMF discussion note](#), which makes a compelling case for closing the gender gap in leadership positions across the financial services sector based on the finding that the presence of women, as well as a higher share of women on bank boards, appears associated with greater financial resilience. The IMF study also found that a higher share of women on the boards of banking-supervision agencies is associated with greater bank stability (defined as the ability of a bank to maintain its financial strength, withstand external shocks, and fulfill its obligations to customers and stakeholders over time).

Another key resource is the Financial Alliance for Women [brief](#), which highlights the experiences of the Alliance's members in their journeys to become both employers and banks of choice for women. Based on the case studies in the brief, a set of

recommendations is provided for other FSPs seeking to enact long-term institutional change. The brief posits that while institutional commitment to gender diversity and inclusion is a great starting point, unless the commitment is backed up by tangible actions and allocation of resources, FSPs will be unsuccessful in making meaningful change. It is also recommended that any changes in policies and processes within the institution are coupled with a shift in organizational mindset to understand and address unconscious bias.

Step 2: Assess the gap

Once the FSP has made the case for gender diversity and women's leadership within their institution, the next step is to conduct an institutional gender gap assessment and develop a roadmap for where they want to go. The [Gender Assessment Methodology \(GAM\)](#) created by Women's World Banking is a business-driven tool designed to help FSPs build strong, gender-diverse teams and to position themselves to serve the women's market. Using a brief confidential questionnaire (including a general survey and a separate survey for Fintechs), the methodology allows all types of FSPs to assess their strategic approach to gender equality, identify gaps and opportunities for improvement, learn about best practices on gender equality globally, set concrete goals and targets, and measure progress over time. FSPs that complete the GAM survey receive a personalized report with concrete suggestions and areas for improvement. The methodology uses the talent life cycle framework to enable FSPs to identify how unconscious gender bias might be excluding women within the organization and how they can make changes to address this challenge.

Step 3: Recruit and retain

To realize their gender strategies and benefit from a gender-diverse workforce, FSPs need to systematically focus on the recruitment, promotion, and retention of women through gender-inclusive work policies and practices. The [IFC case study of Habib Bank Limited](#) in Pakistan provides useful insights into how the bank developed and operationalized an internal gender diversity strategy and a gender-intelligent approach to training staff to grow its outreach to women customers. Another useful resource is UN Women's [guidance note](#) on how any business, including FSPs, can attract and retain talent through investments in inclusive, family-friendly policies such as parental (maternity and paternity) leave. According to the guidance note, investments in such policies make business sense and benefit both employers and employees.

Step 4: Build knowledge and skills

Training and capacity building efforts exist to support FSPs and their staff in their gender diversity and leadership efforts. The [Gender Equality Changemakers Programme](#) is a virtual course offered by the Digital Frontiers Institute that provides participants with the knowledge, tools, and resources needed to act as gender champions within their organizations and to facilitate organizational change management to set and achieve specific gender milestones. In addition, [USAID's Delivering Gender Equality: A Best Practices Framework for Male-Dominated Industries](#) can guide FSPs to implement gender equity practices throughout the employee life cycle based on the experiences of other male-dominated industries.

GENDER DATA AND ANALYSIS

Step 1: Understand who is being served and who is not

FinEquity's [Gender Data in Financial Inclusion brief](#) provides definitions of common terms and explains what demand-side data and supply-side data is currently available. It also lists publicly available financial inclusion gender data sources with information on coverage, level of disaggregation, and frequency of data collection (see [Annex](#)). The brief discusses the challenges and opportunities in making more gender data available and summarizes recommendations from Data2X on how different types of stakeholders can increase the availability of sex-disaggregated data. The brief offers examples and use cases from the realms of policy and regulation, program and product design, and monitoring and evaluation to illustrate how sex-disaggregated data supports women's financial inclusion.

One such example is how the National Bank of Rwanda's use of sex-disaggregated data revealed that a lack of traditional collateral was the key barrier for women who need access to funds to start or grow their businesses. This spurred the bank to establish the Women's Guarantee Fund for economically active women who have no collateral and no previous credit record.

Step 2: Quantify the business opportunity

Once armed with information on what gender data is, where to find it, and how it can be analyzed and applied, the [Global Business Case tool](#), developed by the Financial Alliance for Women, helps FSPs develop a business case for the women's market. It does this by quantifying the market opportunity and estimating a FSP's direct financial benefits from strategically targeting the women's economy. This tool may be very useful for advocating to senior management why they should integrate a women's market program into their overall strategy. The tool makes use of relevant data from respected global data sets to create a model that can help FSPs estimate their own potential within the women's market.

The FinEquity webinar series [Deconstructing the Monolith: Segmentation of Women Clients](#) provides examples of commercial banks from around the globe that have used their own institutional sex-disaggregated data to generate insights about different segments of women customers. These data-driven insights were then used to develop tailored value propositions for each of the segments of women. For example, BBVA Microfinance Foundation affiliates were able to develop specialized products that range from health insurance for women's wellness visits to alternative collateral-based loan products for women in agri-business.

Step 3: Analyze and learn

Oxfam's [Integrating Gender in Research Planning](#), highlighted in the [Gender Data and Analysis](#) knowledge guide, provides a gender research rubric checklist, and action steps to guide researchers in better integrating a gender lens into projects or investigations. It also includes a useful list of best practice dos and don'ts, along with additional resources for organizations seeking to integrate gender into their projects and programs.

Step 4: Build capacity

The [Gender Statistics Training Curriculum](#), which was developed by UN Women and is made up of 11 modules on gender data and how to use it, is a valuable resource for

those interested in further building their skills. The curriculum also includes supplemental materials for trainers on how to conduct gender statistics training. This is an area that future knowledge guides can build on to support the collection and analysis of gender data for understanding the women's market.

A GENDER-INTELLIGENT APPROACH TO PRODUCT DESIGN AND DELIVERY

Step 1: Understand women's financial needs and preferences

Women are not a monolithic segment. Intersectional factors such as socioeconomic class, age, education, and location shape their financial needs and capacities. To create gender-intelligent financial products and services, FSPs must grasp the myriad of lives that women lead and appreciate that these varied lives will have different needs and preferences vis-à-vis financial services.

This can be achieved by carrying out qualitative and quantitative research, and ideally both. For example, quantitative research (e.g., surveys and impact evaluations) will offer FSPs an understanding of what women are doing – which products they are using, in what ways, and which features they prefer. Qualitative research (e.g., focus group discussions, design research methods, and interviews) will provide detail on why women users hold these preferences and their experiences using financial services. Both forms of data are useful in understanding, segmenting, and designing financial solutions that are gender intelligent and meet women's unique needs.

The Women's World Banking brief [Customer Centricity - Gather Women-Centric Insights to Drive Innovative Design](#) focuses on four key steps for FSPs wanting to effectively design financial services for women:

1. Understand the profiles of different segments of women clients.
2. Serve women as individual clients based on their unique needs.
3. Shift strategy throughout the institution towards customer-centric solutions.
4. Design products and marketing approaches to increase uptake and usage among women clients.

These resources allow FSPs to develop a more comprehensive and nuanced understanding of the distinct needs and preferences of different segments of women to design gender-intelligent value propositions that resonate with each segment.

Step 2: Design for women

In their 2021 working paper, [Why a Segmentation Strategy Matters for Serving the Women's Market](#), KIT Royal Tropical Institute shared the methodology it deployed to work with Access Bank in Sub-Saharan Africa. By identifying three key personas (The Young Professional, Women and Family, and Women in Business) within their target audience, KIT was then able to conduct focus group discussions and interviews with each. This research gave them an understanding of the women's aspirations, behaviors, needs, and challenges in life and business, and how this relates to their needs and preferences for financial, non-financial, and digital products and services, which enabled KIT to advise Access Bank on how to design financial services that resonate with their women customers.

Ideo's [Gender and Design toolkit](#) also offers a practical step-by-step approach that can be adopted by FSPs or any other stakeholder working to design products and services for women by centering women in the design process. It provides users with a foundational knowledge of gender dynamics and a user-friendly framework for gender-transformative design.

In addition, a series of [Informed Design Case Studies](#) published by FinEquity presents examples of how different providers have applied gender-intelligent or women-centric design principles in their own product and service delivery and what they learned in the process.

Step 3: Build knowledge and skills

Digital Frontier Institute's [Blind Spots: Gender in Digital Financial Services \(DFS\)](#) is a great starting point for FSPs and other financial inclusion stakeholders who want to better understand the barriers women face in adopting DFS and what can be done to address them. The course includes guidance on key analytical tools for conducting gender analysis and gathering insights, while being aware of gender-blind spots to uncover new market opportunities for FSPs and supporting increased adoption of DFS by women customers. The course prepares participants to apply the concepts of power, gender, and customer experience to their projects and institutions.

The way forward

Nearly one billion women around the world are either unserved or underserved by financial services. Collectively, these women represent the size of the third largest country in the world (Women's World Banking, n.d.). Advancing women's financial inclusion can catalyze inclusive economic growth, but the speed of progress needs to increase. By ensuring gender equality in financial services, providers can tap into a vast market that presents important opportunities for business growth through risk diversification and improved portfolio quality.

In addition, promoting gender equality is becoming increasingly important for businesses as consumers, investors, and regulators pay more attention to social and environmental responsibility. FSPs that demonstrate a commitment to gender equality can enhance their corporate reputation, attract investment, and maintain a competitive edge in the market.

However, FSPs may face reservations from shareholders, leaders, and employees who believe that other short-term operational priorities are more pressing, or do not see gender equality as a driver of business growth.

Transforming FSPs to advance gender equality requires a multifaceted approach. This includes setting clear diversity goals, implementing inclusive policies and practices, designing products with a deep understanding of women's preferences and capacities, educating employees on the importance of gender diversity, and addressing any unconscious biases that may exist. Effective communication and leadership are critical in driving this change, as leaders must model inclusive behavior, provide support and resources for underrepresented groups, and hold themselves and others accountable for progress towards diversity goals. Ultimately, promoting gender equality requires a sustained effort towards cultural change and continuous improvement.

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This brief is based on a set of resource guides produced by FinEquity in collaboration with USAID. It was authored by Nisha Singh of FinEquity, with contributions from Aude de Montesquiou, Jennifer Morgan, and Catherine Highet. The author would like to thank Justin Archer and Megan Baumann from Women's World Banking, Bridget Dougherty from BRAC International, Gerhard Coetzee and Antonique Koning of CGAP for their valuable review, comments, and suggestions; and Anika Funk for editorial and publishing support.