Toronto Centre Webinar Summary

HOW BETTER DATA CAN EQUIP SUPERVISORS AND FINANCIAL SERVICE PROVIDERS TO IMPROVE WOMEN'S FINANCIAL INCLUSION

Thursday, October 22, 2020 – 9 AM to 10:30 AM EDT

[Please note that while this narrative summary highlights the essence of the webinar, it is not a substitute for the rich remarks made by these marque speakers, their exchanges, and their responses to the audience Q&A. We encourage readers of this document to watch the full event. A link is provided at the end of this summary.]

Why Toronto Centre organized this webinar

Financial supervisors and financial service providers (FSPs) are playing an increasingly important role in shaping and monitoring the progress of their nations' financial inclusion strategies. However, the gender gap that persists between men's and women's usage of financial services suggests that authorities need help determining where gender equality dimensions may be used to diagnose problems and identify areas of focus. Starting with sex-disaggregated data (SDD) in particular, Toronto Centre, in partnership with the United States Agency for International Development (USAID), conducted a study on the identification, collection, analysis, and use of SDD by supervisors and FSPs to advance women's financial inclusion. This webinar offers a glimpse into the high-level findings of the study and opens a dialogue on the role that regulators and supervisors can play in efforts to tackle barriers faced by women. Obstacles and opportunities to the use of SDD are considered along with technology and how it may be used to help to push forward the inclusive finance agenda.

Speakers/Moderator

Host and Moderator: **Anatol Monid**, Senior Program Director, Toronto Centre

Opening remarks: **Babak Abbaszadeh**, President and CEO, Toronto Centre

Presenters:

- **Petronella Chigara-Dhitima**, Program Leader, Toronto Centre
- **Jennifer Long**, Program Leader, Toronto Centre
- **Ernesto Brodersohn**, Program Leader, Toronto Centre

Panelists:

- **Mayada El-Zoghbi**, Managing Director, Center for Financial Inclusion (CFI)
- **Juliana Lagos Camargo**, Research, Innovation, and Development Director, Superintendencia Financiera de Colombia (SFC)
- **Freda Tamba**, Director, Non-Bank Financial Institutions Supervision, Bank of Zambia (BoZ)

Concluding remarks: **Paul K. Nelson**, Senior Digital Finance Advisor, U.S. Agency for International Development (USAID)

Read the presenters' and panelists' bios here.

Highlights

In his opening remarks, **Babak Abbaszadeh** noted that gathering SDD is critical, as it supports progress towards better understanding the needs of women and girls, towards promoting digital inclusion that extends financial services to poor and rural women, and towards enabling proportional and risk-based supervisory approaches to requirements like Know Your Client (KYC). Access to quality SDD may be key to helping supervisors strike a balance between their responsibility of mitigating risks to financial stability and their ability to promote innovation and protect consumers.

The **first part** of the webinar focused on the study (and soon to be published report) conducted by Toronto Centre and USAID. **Jennifer Long** began by providing an overview of the objectives and findings. She stated that the first objective was to understand the collection, analysis, and use of SDD by supervisors and FSPs to improve (enhance) women's financial inclusion. The second objective was to consider how digital technologies may be helpful. Starting first with collection, research showed that a lot of relevant SDD was (and is) gathered by international supervisory organizations; by regional initiatives such as the FinScope surveys; and by national authorities who in some cases were experimenting with the collection of SDD and finding innovative technological ways to gather it. It was clear that the data was available; however, the common use and analysis of this data was mostly in the context of developing and monitoring the implementation of a national development or financial inclusion strategy. It was rarely used to design interventions that directly supported women's financial inclusion or to ensure gender equality was considered in core supervisory activities. According to Long, this is perhaps a consequence of the lack of gender differences accounted for by international regulatory standards. She argued that this makes it difficult for financial authorities to understand and to make the case for how a gender-sensitive approach may help them in delivering their responsibilities since the standards that govern them do not explicitly reference gender.

Petronella Chigara-Dhitima and **Ernesto Brodersohn** elaborated further through sharing the unique experiences of supervisors in Africa and South America. **Chigara-Dhitima** cited a lack of commonly shared strategic intent, technological challenges, and limitations to technical capacity (supervisors lag behind FSPs) as key barriers to the use of SDD in Africa. She proposed that the growth of digital finance, specifically the traction that the digital drive has garnered, is alleviating some of these concerns. Countries such Zambia and Kenya are piloting digital projects that promote the collection of SDD. **Brodersohn,** in referencing South America, suggested that despite having some SDD to work with and having a national financial inclusion strategy in place, the lack of access and availability to smart devices limits the ability of FSPs to gather more data. He mentioned that absence of (or limited) regulatory requirements to report SDD (only credit and income are reported) also makes it difficult for financial authorities to use SDD. Still, there are efforts underway to the improve the quality of the existing data sets. He revealed that supervisors are reassessing the data that is available and are developing greater analytical capacities to improve supervision and support the industry in reducing coverage gaps. A more robust and better analytical framework that consolidates multiple databases into a single registry is being explored.

The experiences of authorities in Africa, in South America, and in other regions examined in the study ultimately highlighted **four key enablers** for the use of SDD for women's financial inclusion:

1. *Adopting a gender-equality focus in national financial inclusion strategies* – this sets the tone from the top and makes it easier for regulators to play a part within the national effort.
2. *Mapping different types of SDD to core regulatory activities* – where could it help? (e.g. firm culture and governance, KYC, product governance, collateral policy, sales practices/complaints).
3. *Pursuing gender-mainstreaming in the public sector* – e.g. staff policies, equalities impact assessment, etc., and by international standard setters.
4. *Improving technological readiness for collecting SDD* – internal systems, FSP reporting, etc.

The **second part** of the webinar was allocated to the panelists. It was divided into *two rounds*, the first of which began with panelists providing a bit of background on the work that their organization was doing.

- **Freda Tamba** noted that the Ministry of Finance leads the implementation of Zambia's financial inclusion strategy; however, as a regulatory body, the BoZ plays a key role in ensuring that markets are stable and that financial institutions are able to provide services that promote financial inclusion. She revealed that the Bank partnered with the Alliance for Financial Inclusion to begin collecting SDD – they had been collecting information previously, but it was primarily related to credit. A baseline survey was conducted in 2018, which generated the critical baselines and established the business case for the need to collect SDD.
- **Juliana Lagos Camargo** shared that Colombia achieved positive financial inclusion indicators. Under the national financial inclusion policy, the country reached 86% inclusivity in terms of adults in the financial system. SDD was (and is) used by the SFC to prepare financial inclusion reports, but Camargo insisted that more data is needed. She maintained that beyond access

issues, the SFC has started to assess consumer behaviour and consumer expectations of FSPs and their products. They have pursued alternative sources of information, aside from their own, including other agencies of the state, academic institutions, social networks, etc. "It is no longer enough to just know the fairly descriptive statistics that allow us to see large gaps. We have to delve into the reason as to *why* these gaps are occurring…what constitutes the behavioural differences between men and women."

- **Mayada El-Zoghbi** echoed these sentiments, adding that the CFI recently launched a strategy identifying thematic priorities that reinforce the significance of SDD. The first priority pertains to women's financial inclusion and addresses the systematic barriers faced by women. The second is consumer protection, which stresses the need to understand emerging risks and to develop tools for supervisors to monitor such risks (i.e. SupTech). And the third, among others, relates to opportunities and risks presented by data. CFI is considering how digital footprints can facilitate the inclusion of excluded groups while also conversely making them vulnerable to discrimination. El-Zoghbi proposed that SDD is needed to understand how data is used and to determine whether it does or can unintentionally discriminate against women.

The second round saw panelists discuss key themes related to (1) technology, specifically the kind of technologies that their organizations may be using, and (2) potential regulatory changes and/or burdens that may arise as a result of enhancing the collection of SDD.

- **Mayada El-Zoghbi** proposed that there are ample applications for digital technologies that can support supervisors and FSPs, whether it be the collection of SDD, consumer protection, RegTech, and/or compliance. She pointed to facilities such as the RegTech for Regulators Accelerator (R^2A), who are uncovering potential technologies that can be used by regulators and supervisors for market supervision and policy analysis. With digital developments though, she cautioned that there are increased concerns with digital privacy and digital rights. As FSPs modernize and move into the digital economy, central banks need assistance from governments to develop regulations that facilitate FSPs' access to the right kind of technology. The regulatory changes, along with the ask of FSPs to collect SDD, should be seen as an "opportunity to use technology to reduce the burden of compliance and reporting…I actually think you can require it, and, at the same time, try to channel them to the right technology that will make it easier for them."
- **Juliana Lagos Camargo** revealed that the SFC is aiming to be a technology-driven organization that can channel and process all consumer complaints. They have been testing new technologies (i.e. SupTech) that can simplify the collection, transmission, reporting, and analysis of data. The potential for regulatory burden has (and still is) being evaluated under the premise of this experimentation. In fact, since 2017, the SFC has been incorporating specific gender requirements and mandates to prompt subsidiary entities to migrate their structures to broader levels of segregation that account for gender issues. According to Camargo, the challenge is not so much resistance from FSPs but rather from public policy makers. "How can we access supervision, regulation, and public policy databases with high quality data [to inform on gender issues]?...We are going to need regulatory changes from a much higher level than supervisors can execute."
- **Freda Tamba** advised that the BoZ is in the early stages of implementing SupTech and mandating that FSPs provide SDD. They are looking at systems that can collect and analyze big data and that can track consumer behaviour in real time. The Bank has adequate legal mandate to require FSPs to provide whatever information is needed; however, the challenge comes in

when the Bank reaches out to stakeholders outside of their regulated entities. Tamba hinted at regulatory changes that may be needed in these cases, given the difficulty of ensuring whether requisite information will be available from external sources. That said, with regards to the potential of regulatory burden, Tamba spoke highly of the benefits of technology. She put forth that "technology is going to ease the regulatory burden on FSPs" as RegTech and SupTech will resolve the issues that come with manual input of data.

Importantly, when asked if there is too high a reliance on SDD and if there is an over-estimate of the value of SDD in helping to improve women's financial inclusion, all panelists agreed that there is not. **Juliana Lagos Camargo** maintained that it is necessary to collect and have access to quality SDD in order to identify gaps and propose solutions. Supervisors cannot ignore the reality that women are disadvantaged and/or disproportionately financially excluded when the data illustrates such. Further, **Freda Tamba** provided two practical examples where SDD impacted institutional behaviour: (1) when the BoZ started conducting FAMOS[1] checks (where they assess the readiness of FSPs to disaggregate data and services), they saw a growth in the focus on women. Some FSPs developed designated women's desks while others implemented banking provisions specific to female consumers; and (2) when the BoZ provided the market with information on growth in savings groups among the rural and urban areas, commercial banks started designing products that targeted particular groups of savers. These two examples showcase how information is being used practically by FSPs to provide more consumer-centric products and services to the market. This highlights how products are being designed to reflect the needs of women. In addition, **Mayada El-Zoghbi** noted that aside from data, the technological and human capability to analyze the data is also vital. Data alone is insufficient; there needs to be investment in tools and in the technical capabilities of personnel for SDD to be helpful.

Paul Nelson, in his closing remarks, reiterated the importance of the SDD. He contended that that even in an environment where technology is being widely used and adopted, the case for the collection, analysis, and use of SDD as a relevant source of insight needs to continue to be made. As he put it, supervision, digital technology, and women's economic empowerment – the key themes of the webinar – are connected because "you have risk-based supervision as the approach, you have SupTech and RegTech as a set of digital tools that might be relevant for implementing risk-based supervision as an approach. [And] then you have sex-disaggregated data as the necessary fuel to be able to focus on a given set of policy priorities." SDD can provide the quantitative and qualitative insights for supervision but can also provide opportunities to think expansively and to think about the qualitative insights that can stem from other types of data gathering such as focus groups, mystery shopping, and financial diaries.

Key takeaways

- The gender gap will persist so long as women are not explicitly considered in activities to raise financial inclusion; the barriers they face will not be identified or addressed.
    - "*One of the fundamental elements to achieving sustainable financial inclusion is to understand that inclusion not only facilitates access, but also generates long-term relationships between people; in this case, between women and the financial system.*" – **Juliana Lagos Camargo**

[1] The FAMOS Guide was created by International Labour Organization and aims to facilitate entities to take a fresh look – and a systematic assessment – of the extent to which they target and serve women.

- Digital technologies, specifically RegTech and SupTech, are potential enablers for the collection, analysis, and use of SDD for improving (advancing) women's financial inclusion.
- Regulators and supervisors need to improve their technological and technical capacity readiness for collecting SDD. They have distinctive yet complementary roles in the management of data.
    - *"Part of the role of the supervisor is to use that data, to diagnose discrimination, to diagnose other issues that are happening…the regulator's role is to actually put up the guardrails for how data should be used in the first place, and then help set the kind of rules of the game, let's call it that, for data privacy, data security, and all the other pieces around how data is governed at FSPs or with FinTechs or other providers*."
      – **Mayada El-Zoghbi**
- Regulatory changes cannot be pursued alone. Regulators need assistance from public policy makers and from government entities to push for the inclusive finance agenda more effectively.

Audience

About 200 financial sector regulators and supervisors from around the world including central bankers, officials from ministries of finance, donor agencies, international standard setters and development agencies, as well as non-governmental organizations and civil society registered for Toronto Centre's virtual executive panel. Of those who attended, over 30 agencies and organizations were represented including, but not limited to:

Accion
Alliance for Financial Inclusion
Bank of Guyana
Bank Negara Malaysia
Bank of Zambia
Capital Markets Authority – Kenya
Central Bank of Armenia
Central Bank of Nigeria
Comisión Nacional de Bancos y Seguros – Honduras
Cornell University
Eastern Caribbean Central Bank
Financial Services Regulatory Authority of Ontario
Gates Foundation
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
International Monetary Fund
Office of the Superintendent of Financial Institutions
Reserve Bank of Zimbabwe
Superintendencia de Bancos de Ecuador
Superintendencia de Banca, Seguros y AFP de Peru
Securities and Exchange Commission Zambia
Superintendencia General de Entidades Financieras – Costa Rica
Superintendencia General de Seguros – Costa Rica
Superintendencia General de Valores – Costa Rica
UN Capital Development Fund
US Agency for International Development
Women's World Banking
World Bank
Pensions and Insurance Authority Zambia
and more!

Please view the recording of the webinar here.