Purpose: Identify points of entry for private sector companies operating in the finance sector to accelerate gender equality.

Increasing Women’s Access to Financial Services

A company may consider one or more of these gender points of entry to increase women’s access to financial services. Table 1 provides an overview these points and the relevant result areas.

(i) Adapt financial products or services to meet women’s needs. Financial institutions can collect and analyze sex gender-disaggregated customer data to better understand women’s preferences and performance. These data, coupled with formative research targeting women, can inform (i) the design of financial products and services that meet the needs of women and women-owned businesses and (ii) effective marketing strategies to promote these products and services. Examples of adapted products and services include

• hybrid loans combining a modified group loan (such as two women as co-guarantors for a similar business) and an individual loan to increase accountability and diversify risk;
• bundled financial services that include savings, insurance, and credit;
• products adjusted to the business development cycle, with smaller initial products and larger subsequent products as businesses evolve, and finance products to support the transition to the next growth stage; and
• training in financial literacy to ensure that women can leverage services.

Milko dairy products being sold in a market in Ulaanbaatar. ADB supported Milko’s expansion of its dairy operations, while empowering women and men throughout its supply chain. About half of Milko’s raw milk is sourced directly from smallholder milk suppliers and herders from Milko’s milk collection centers. Direct sourcing benefits herders and communities with extra income, while providing Milko with a sustainable and reliable source of raw material (photo by ADB).
(ii) **Adapt how and where services are offered.** Competing demands for women’s time, and specifically unpaid household responsibilities, make it more difficult for women to find time to go to their local bank. Mobility constraints can reduce women’s ability to leave their homes, impeding their ability to access finance.}\(^1\) To address time and mobility constraints, financial institutions can • be more flexible in the number and length of in-person visits needed to access financial services; • simplify loan application procedures and forms, incorporating more graphics to accommodate applicants with lower literacy rates; • open outlets in areas more easily accessible to women, such as in rural areas or close to areas already frequented by women, such as markets or public health centers; and • set up a women-only desk or women-only counter services with dedicated and trained staff.\(^2\)

(iii) **Increase women-friendly alternatives to secure financing.** Providing collateral can be a major challenge for women because more men own land and other substantial assets due to social norms or unequal property and inheritance laws. The following flexible alternatives to traditional collateral or guarantees can increase women’s access to finance: • group lending schemes and co-guarantors, reducing risk through peer accountability; • broadening the set of assets acceptable as collateral, including digital presence, jewelry, machinery, farm equipment, or other physical assets available to women; and

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• lending against agricultural commodities in the warehouse as collateral; or lending against secured customer purchase orders.

(iv) Improve risk perception of women as consumers of financial services. Lack of documentation proving credit history, repayment capacity, or a formal relationship with a financial institution creates the perception of women as high-risk borrowers, increasing financing costs. In some countries, women need their husband’s consent to obtain loans. Even when this is not a legal requirement, some financial institutions still ask for proof of consent (footnote 2). Financial institutions can address inaccurate risk perception of women borrowers by
• encouraging and supporting women-owned businesses to register formally;
• increasing gender awareness of their staff and reviewing current loan processes to ensure that women-owned businesses, and particularly first-time applicants, are not disadvantaged;
• incorporating alternative creditworthiness appraisal tools such as psychometric analyses that can predict business success and good financial behavior;

• ensuring that credit and repayment history is recorded with credit bureaus; and
• developing and implementing incentive schemes for their staff to increase women clients.

(v) Support gender-inclusive financial technologies. Unequal access to education reduces women’s digital literacy and, by extension, access to financial technologies (fintech). In low- and middle-income countries, the gender gap is 8% for cellular phone ownership and 20% for smartphones. Yet, fintech can decrease the cost of providing financial products and services, and this saving can be reflected in lower costs for the consumer, making fintech services more accessible to women.

Fintech can help address some of the time and mobility constraints women face in financial inclusion. It can simplify the documentation and requirements to register for services and create formal financial records that traditional financial institutions can use. Offering marketing materials and information on financial products via digital media that has high uptake by women can help increase their access to financial services.

Hamkorbank branch in Samarkand. Hamkorbank provides sub loans to small businesses in a project with the Asian Development Bank (photo by Relisa Granovskaya).

3 R. Lehrer and H. West. 2014. Literacy a Hidden Hurdle to Financial Inclusion. CGAP Blog. 13 January.
Gender equality in governance and leadership increased
• Increase the number or percentage of female board members
• Increase the number or percentage of female members of the management team

Gender equality in the workforce increased
• Increase the number of female employees
• Increase the number of female employees in management roles
• Increase the number of female employees in technical roles
• Increase the number of female interns placed in technical roles

Gender equality in the workplace enhanced
• Adopt and train on an anti-sexual harassment policy with a confidential reporting mechanism, confidential investigative procedure, mechanism for redress, and a non-retaliation clause
• Develop and implement a gender inclusion policy to support the hiring, retention, and promotion of female staff, informed by the collection and analysis of sex-disaggregated data
• Offer flexible work practices (e.g., flextime, telecommuting, job sharing, part-time with benefits, compressed workweek, etc.)
• Offer support to child and elder care (e.g., phased return to work after parental leave, subsidized childcare, paid time and dedicated space for lactation, paid time off for health care appointments with dependents, etc.)
• Offer maternity or paternity leave beyond what is required by law
• Enact health and safety measures (e.g., sanitation and change facilities that are separate and proportionate in number for women and men at all company locations; safe staff transportation with multiple pickup and drop-off, etc.)

Gender inclusion in procurement is improved
• Increase the number or percentage of women-owned businesses suppliers
• Develop and implement a supplier diversity and inclusion policy


Gender Equality within the Staffing and Workplace of a Finance Sector Company

A project may consider each of the following areas to determine possible gender points of entry within the staffing and workplace of a finance sector company, as highlighted in Table 2.

(i) Increase gender equality in governance, leadership, and the workforce. Women make up nearly half of the finance sector workforce in the Asia and Pacific region, though this ratio varies widely from country to country. For example, women represent 16% of the finance sector workforce in India, but over 60% in the People’s Republic of China.

Hamkorbank branch in Samarkand. Hamkorbank provides sub loans to small businesses in a project with the Asian Development Bank (photo by Relisa Granovskaya).
However, on average, women earn less than men in the same positions, and men dominate senior positions. Women are more likely to have relationship management roles, while men are more represented in trading and investment roles (footnote 1). Financial institutions can set targets to increase the number of women on boards, in leadership, and in the workforce to redress this inequality.

Financial institutions can adopt anti-sexual harassment policies and training programs; gender inclusion policies for recruiting, hiring, retention, and promotion; and flexible work arrangement policies that better enable women to engage in the finance sector.

(ii) **Enhance gender equality in the workplace.**

Policies that facilitate gender parity in the workplace are lacking. For example, 68% of banks do not offer childcare or flexible work arrangements for women returning from maternity leave. So do not even offer maternity leave to unmarried women. Financial institutions can adopt anti-sexual harassment policies and programs. Gender inclusion must be part of recruitment, retention, and promotion. Flexible work arrangements need to better address women’s needs.

(iii) **Improve gender inclusion in procurement.**

Large corporations spend less than 1% of their global procurement budget on women-owned businesses. Companies of all sizes can accelerate gender equality by taking proactive steps to include women-owned businesses and individual women entrepreneurs among their suppliers of goods and services.

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The Business Case for Promoting Gender Equality in the Finance Sector

**Increasing women’s access to financial services.** Proactively addressing women’s needs allows financial institutions to attract and retain unserved and underserved clients. The 2017 Findex Report found that 56% of the world’s 1.7 billion adults without a bank account are women. Women in the Asia and the Pacific region are less likely to have a bank account than men, and the gap can be as high as 30% in some countries. There are notable exceptions in Indonesia, the Lao People’s Democratic Republic, Mongolia, and the Philippines where women have more bank accounts than men.a

Financial institutions have a tremendous opportunity to expand markets and increase revenue and profit by targeting female clients. According to the International Finance Corporation (IFC) estimates, the credit gap for women-owned micro, small, and medium-sized enterprises is $1.4 trillion in South Asia, East Asia, and the Pacific.b A growing body of evidence demonstrates that women are low-risk clients. For example, a 2019 survey of IFC clients showed that the average nonperforming loan (NPL) ratio for women-owned small and medium-sized enterprises (SMEs) was 3.7%, lower than the average NPL ratio for total SMEs portfolio of 5%.c Globally, new interest income from providing women SMEs loans at the same rate as men is estimated to be $30 billion, and from providing retail credit to women at the same rate as men is estimated to be $65 billion.d

**Increasing women’s engagement in the finance sector.** There are business benefits of greater female representation on boards, in management, in the workforce, and among a company’s suppliers. Having more women on bank boards is positively linked with bank stability and higher profitability.e A Peterson Institute for International Economics study of 22,000 companies in 91 countries found that the difference between having no women in corporate leadership (the CEO, the board, and other C-suite positions) to a 30% female share is associated with a one-percentage-point increase in net margin—which translates into a 15% increase in profitability for a typical company.f Gender diversity translates into improved ability to attract and retain talent. It improves the company’s ability to gauge customer sentiment and meet customer needs, as the workforce better reflects customers. Including women suppliers also allows a company to mirror its customer base, enhancing its brand and enabling it to tap into local insight.g

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