

STEPS FOR INTEGRATING SEX-DISAGGREGATED DATA IN A FINANCIAL INSTITUTION

Sex-disaggregated data can refer to both supply-side operational data from financial service providers and demand-side data collected through, for example, national surveys.¹

This guidance note was developed to support financial institutions in collecting and using sex-disaggregated data. Sex-disaggregated data—data collected separately for males and females—drives the business case for, and is essential in, targeting the women’s market, which is a globally recognized profitable yet untapped business segment for financial service providers. This note is adopted from the guidelines set forth by the Alliance for Financial Inclusion² for its member central banks, and from *The Power of Women’s Market Data* by the Financial Alliance for Women.³

This guidance note lays out these four steps for integrating sex-disaggregated data collection and use:



1. Identify the objectives



2. Define the approach to data collection



3. Adapt technology, processes, and people



4. Collect and use the data

Step 1: Identify the Objectives

It is essential to determine the objectives of collecting sex-disaggregated data. A common objective is adherence to regulatory reporting mandates under national policies aimed at expanding micro, small, and medium-sized enterprises finance and women’s financial inclusion. Examples include the public–private voluntary initiative Investing in Women Code of the United Kingdom (UK) and Pakistan’s Banking on Equality Policy. These policies recognize the economic benefits of, and value the alignment with, international standards such as the United Nations Sustainable Development Goals.

The UK’s Investing in Women Code, for example, was born out of the government-commissioned Alison Rose Review of Female Entrepreneurship, which found that closing the entrepreneurship gender gap could add £250 billion to the UK economy. It also underscored that promoting greater transparency in funding for women entrepreneurs is critical. However, the value of data is only realized when it is utilized and correctly analyzed. Thus, the bigger objective is to use sex-disaggregated data to generate insights and make business decisions about the market opportunity represented by the male and female customers.

Combined with market research, insights about the male and female portfolios can help build customer-centric business strategies and enhance the financial institution’s value proposition to its target segments. For example, generating insights on women’s financial behavior patterns can facilitate a shift from gender-neutral to gender-intelligent financial services. Research shows that financial institutions that track the performance metrics of female and male portfolios have found women customers to be strong savers, prudent borrowers, and loyal customers.⁴

¹ Alliance for Financial Inclusion (AFI). 2020. *Guideline Note on Sex-Disaggregated Data Report Templates*.

² AFI. 2017. *Sex-Disaggregated Data Toolkit: How to Leverage Sex-Disaggregated Financial Inclusion Data to Accelerate Women’s Financial Inclusion*.

³ Financial Alliance for Women (FAW). 2015. *The Power of Women’s Market Data: A How-to Guide*.

⁴ FAW. 2022. *A Win-Win Business Opportunity*.

Step 2: Define the Approach to Data Collection

When developing the approach to sex-disaggregated data collection and use, consider the following:

Define women-owned enterprises and apply this definition consistently across the financial institution.

Given diverse markets and cultural contexts, there is no established global definition for “women-owned businesses” or of what constitutes a small and medium-sized enterprises.⁵ In the absence of a national definition, consider putting forward a financial institution’s own definition or adopting one of the definitions compiled by the International Trade Center. A key point is that the definition is consistently applied within the organization. As an example, the Women Entrepreneurs Finance Initiative uses the following definitions for women-owned businesses which were developed by International Finance Corporation:

- ≥ 51% owned by a woman or women; or
- ≥ 20% owned by a woman or women;
- have ≥ 1 woman as chief executive officer or chief operating officer (president or vice-president); and
- have ≥ 30% of the board of directors comprised of women, where a board exists.

Identify feasible indicators and performance metrics to collect and use. Start taking stock of any sex-disaggregated performance indicators already collected and identify gaps. For example, account opening forms typically include male and/or female fields—although quite often voluntary—which enable financial institutions to determine the number of customers by sex. Also consider national regulations on credit, savings, and customer privacy, which could influence the information that can be requested on a sex-disaggregated basis, typically during the account opening process. Surveyed members of the FAW, for example, recommend to start with collecting sex-disaggregated data on essential performance indicators. These include the number of male and female customers, number of credit accounts, and number of savings accounts (to measure access); credit portfolio and total deposits (to measure usage); nonperforming loans (to measure risk); and percentage of staff and management that are female (to measure workforce and leadership diversity).

Determine required resources. Identify a core team and department champions who will lead the effort. The core team typically consists of members of the small and medium-sized enterprises or business banking team, while department champions typically represent the front line, business intelligence, technology, product development, marketing, legal, and compliance. The core team should provide updates to senior management for decision-making. In addition, it is also important to determine the level of effort, timeline and costs, and time required to make the necessary adjustments to data collection systems and to train staff to capture and analyze data.

Step 3: Adapt Technology, Process, and People

Integrating sex-disaggregated data collection and analysis requires adapting technologies and processes and ensuring that the people involved throughout the journey are equipped to implement the change. Consider the following:

Technology

Engagement with the technology team is a critical step. Developing the ability to capture sex-disaggregated data requires large volumes of internal data to be marked with appropriate gender tags. The underlying systems and platforms that inform the entire customer journey along with the entirety of the bank’s business operations need to be updated to capture sex-disaggregated data points. These databases would further benefit from data hygiene practices, such as routine human-mediated audits, updates, and scrubbing. Some of the key systems include loan origination, loan management, customer relationship management systems, and internal accounting systems (Appendix 1).

The experience of financial institutions in adapting technologies vary from simple adjustments, such as repurposing or creating additional fields to existing management information systems, to more complex ones. For example, in some cases, financial institutions have had to integrate a customer relationship management system with the core banking system to facilitate the flow of data. In other cases, a time-consuming and costly management information systems overhaul was necessary.

Process

Adapt relevant processes and policies, as well as forms, templates, and dashboards as applicable, across the customer journey, including acquisition, onboarding, disbursement, and monitoring. This entails three stages: (i) classifying or tagging individual and business customers as male or female—individual customers can be based on national identification cards where it is available or by their name or title, while business customers can be based on business ownership in business registration documents; (ii) verifying that the tagging is accurate, which requires relationship managers to decide based on, for example, standard definitions of what constitutes women-owned businesses; and (iii) ongoing data quality control, which could entail requiring business customers to provide changes to business ownership configuration.

People

It is critical to obtain buy-in across the financial institutions starting from senior management (who will make decisions about the approach described above and set the tone for the organization) to the frontline staff (who will be critical in data collection and direct engagement with clients). In the experience of financial institutions, identifying a senior management sponsor to serve as an advocate for the initiative has made a difference.

In addition to obtaining buy-in, onboarding and training frontline staff are also important steps for ensuring data accuracy and reliability. Consider developing an internal communication strategy to obtain support from those implementing the change and developing a training program and support structure for frontline and operations staff who will be collecting data from existing and new customers. It is important to engage the human resources department to ensure that the process is embedded in the onboarding and training of new staff.

Source: ADB Private Sector Operations Department.

⁵ International Trade Center (ITC). 2020. *Technical Note: Definitions for Women’s Businesses*.

Step 4: Collect and Use the Data

Data collection is a two-stage process: (i) establishing a baseline of the male and female portfolios, and (ii) ongoing data collection as new customers are onboarded. The first stage provides the current state of, for example, the women-owned enterprises portfolio in terms of the essential indicators identified in the second stage, i.e., number of customers, number of credit accounts, and number of savings accounts; credit portfolio and total deposits; and nonperforming loans. The baseline serves as the basis for establishing targets; for example, if the financial institutions would like to grow the women-owned business customer base by a certain percentage over a period. While establishing a baseline has its benefits, classifying existing customers as male and female for baselining purposes can be a costly and time-consuming process. One workaround could be classifying a sample of customers as male and female and extrapolating the results across the entire portfolio.

Be mindful of potential obstacles along the way. The most frequently cited challenges include limitations in data systems and applications together with data availability and quality. Specifically, there could be double counting of accounts by the same customer, inconsistent tagging especially of businesses as women-owned, and verifying that the primary account owner has, in fact, control of the account. Other challenges can relate to obtaining historic data. Thus, clarity on from what point in time data will be collected is necessary.

The value of data is only realized when it is used, therefore, data analytics is key. Some financial institutions have established dashboards that pull data sets from individual relationship managers, branches, and other geographic divisions. These dashboards can be used to create periodic reports not only to measure performance against targets but also to make decisions, for example, about segmentation, product development or enhancement, and marketing (Appendix 2).

WOMEN'S FINANCE EXCHANGE

A Community Where Ideas, Innovation, Empowerment,
and Opportunity are Shared



Women's Finance Exchange was established by ADB's private sector operations and funded by Women Entrepreneurs Finance Initiative.

Appendix 1: Systems and Databases That Can Be Updated to Provide Sex-Disaggregated Data

Customer relationship management systems provide a central place for financial institutions to compile customer data across different channels, or points of contact, between the customer and the financial institutions, which could include the website, telephone, live chat, direct mail, marketing materials, and social networks. Customer relationship management systems can provide detailed information on customers' personal information, purchase history, buying preferences, and concerns. Such information is crucial for high-level strategic decisions, product design and management, and customer service.

Loan origination system (LOS)/loan management system (LMS) is a software that helps financial institutions with processing loan applications. The LOS/LMS manages every step of the process, including acquisition, loan disbursement or rejection, and loan management. LOS/LMS systems may have features such as records management, compliance tools, artificial intelligence and analytics tools, various kinds of dashboards, and pricing and eligibility engines.

Content management systems help companies manage content, including creation, editing, organization, and publication. It helps manage all digital assets in a coherent way by storing them in meaningful repositories and making them usable in different ways. Some use cases include internal business and management purposes, staff training, etc.; or external communications, including customer relationship and marketing. Some channels connected to the content management system include websites, apps, forms, e-mails, search engines, blogs, and social media.

Various databases are core to all modern information technology-enabled businesses. Financial institutions heavily depend on all kinds of repositories, including databases of customer information, employee information, products, services, locations, transaction histories, business intelligence, internal, and customer-facing content, etc.

Forms include customer acquisition, onboarding, various kinds of transactions, and service requests. Forms can be physical or digital, although increasingly physical forms are digitized either manually or sometimes using partially or fully automated systems.

Websites, mobile apps, and digital wallets are increasingly popular channels for financial services. These systems typically consider most categories of potential users and work best when they can be dynamically tuned using cookies and other mechanisms for the specific demography of the potential or existing customers who may be using these interfaces.

Appendix 2: Financial Institution Dashboards That Can Generate Sex-Disaggregated Data Insights

Customer dashboards report demographic and profile information, which includes age, sex, location, and economic sector. It could also include economic status, financial portfolio, spending habits, relationship strength and satisfaction with the financial institutions, and pending queries.

Marketing and outreach dashboards contain information about campaigns and their performance metrics such as traffic sources, reach, hits, click-through rates, bounce rates, conversion rates, social media and other channel performance, reputation scores, and progress-to-goal.

Sales dashboards contain sales volume, client engagement, upsell and cross-sell data, sales cycle length, customer lifetime value, sales activities, opportunities created, proposals sent, deals won, client acquisition rates, average response time, follow-up data, positive versus negative reply rates, competitor pricing, volume of new opportunities, lead cost, acquisition cost, customer retention rate, revenue information, net promoter score, sales information by location, account, channel, demographics, etc.

Products and services dashboards contain features, costs, usage metrics, performance metrics, and financial and demographic information of the financial institutions' offerings. These can help match products and services to customer situations. Some versions of this dashboard can be shared with customers to help them make decisions.

Portfolio health dashboards contain indicators such as nonperforming assets, recovery ratios, information about defaults and collections, budget versus spend versus revenue information, data about product and service goals and targets, and other performance analytics.

Credit underwriting dashboards show credit underwriting criteria, such as overall credit underwriting status and performance, for different products, services, and customer segments. It could also show drilled-down credit information for individual products, services, and borrowers.

For scenario analysis, modern financial institutions use a variety of techniques, including big data, machine learning and other artificial intelligence, and statistical techniques to forecast different pathways and simulate outcomes of different strategies.

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