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Toronto Centre Podcast:
Pilot Testing the Gender-aware Supervision Toolkit in Kenya

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Transcript

Speaker 1: You're listening to a Toronto Center Podcast. Welcome. The goal of TC Podcasts is to spread the knowledge and accumulated experience of global leaders, experts, and world-renowned specialists in financial supervision and regulation. In each episode, we'll delve into some of today's most pressing issues as it relates to financial supervision and regulation. The financial crisis, climate change, financial inclusion, FinTech, and much more. Enjoy this episode.

Petronella: Good day everyone, and welcome to the to Toronto Center Podcast. My name is Petronella Chigara-Dhitima. Today I'm joined in this discussion by Grace Ogawa from the Central Bank of Kenya. And we are going to be talking about the toolkits that has been created, and is the toolkits about gender, financial inclusion and technology, how those three interact in order to advance financial inclusion, especially for women. So welcome Grace, how are you?

Grace: I'm fine, Petronella. Thank you for having me. I'm happy to be here.

Petronella: Great. So Grace, as you know, this toolkit is really the intersection of three components, the gender issues, technology, and financial inclusion. And as Central Bank of Kenya, why was this interesting, because it's really three things put together, why did you find this interesting?

Grace: This is quite an interesting project for the Central Bank of Kenya. So as many may be aware, Kenya saw its financial inclusion landscape expand exponentially from 26% in 2006 to 83% in 2019. We are in the process of actually updating that and we've done a review for the own financial inclusion, and we'll be able to get the new numbers out for 2021, but that exponential movement was majorly driven by technology and a lot of services and products to customers made available.



However, we noted that there was a gender gap of 14% between men and women in access to and usage of financial services.

So we've been working with stakeholders to bridge that gender gap. And for the Central Bank of Kenya, this was therefore very timely in that it focused on how supervisors can address gender, considerations in financial inclusion, while at the same time leveraging technology. So when you weave together gender and technology, these two areas are very critical in working towards financial inclusion, and for us in particular, the use of technology to advance the gender as a subset of financial inclusion is very critical. And so for us, we found this very interesting and timely and relevant as CBK.

Petronella: Great. And you are right that actually the intersection of these three things, like trying to look at how do we use technology to advance financial inclusion, and financial inclusion and specifically for women. So, I like the fact that you are also looking at how to close the gender gap as the Central Bank of Kenya. So in what ways did you interact with the toolkit? How did you get involved? What are the kind of things that you did as CBK? Any specific areas where you tested the toolkit and your experiences?

Grace: So the Central Bank of Kenya was deeply involved right from the onset in developing this toolkit in conjunction with Toronto Center. And what we did, even as Toronto Center developed the toolkit, is we gave input to the background information. One of the things we realized is it's important for supervisors and regulators to understand the need for financial inclusion and the need for them to make consideration from a supervisory perspective on financial inclusion. So I'll just give an overview of the toolkit so that I then explain how we got involved. So the toolkit contains a background on the need for supervisors to consider financial inclusion and incorporate gender aspects in financial inclusion supervision. And it also includes a guide for supervisors, which supervisors can then use to assess their supervisory capabilities. And further the toolkit is quite comprehensive, it also contains a supervisory guide on different areas of focus for supervisors. Some of them being products and services, customer complaints.

So for the Central Bank of Kenya, what we did is we reviewed the background document, which provides an overview of why supervisors should consider gender aspects in financial inclusion supervision. And in our review, one of the things we noted as part of that review to also carry out a strategic assessment of where the supervisor is in terms of financial inclusion, and that is also something which we will consider, of course, in future and will continue incorporating in our work. So apart from reviewing that background documentation, we also reviewed one of the supervisory guides. The supervisory guide that we are talking about is the one on product design. And we participated in a workshop to review that product design supervisory guide, and the workshop tested how supervisors can



use the guide to assess how to supervise financial sector products in order to incorporate gender in the process.

And, of course, we are hoping that in so doing we'll be able to then improve financial inclusion, even through supervision. And at the same time the supervisory guide also provides for how then do you leverage technology? How do you incorporate aspects of technology in financial inclusion supervision, even as you're considering gender specifically for products? One of the things which we really found useful about the toolkit is that it is easy to adapt the toolkit to your situation, or your circumstances, or your contexts as supervisors. So then once we went through the workshop on product design, we were then able to introspect and look further and question, are there any other supervisory areas that we can look at and using the same model of the product design supervisory guide, then apply that model to look at other supervisory areas with the aim, of course, of looking at gender aspects in those areas. So, that's how we interacted with the toolkit.

Petronella:

Great. Thank you very much. And you already have gone a step further in terms of looking at applicability because the whole idea of the toolkit is that it can actually be applicable across, it's just an example, so it has two examples, but it could be used across issues or perspectives. And I like the fact that you have already started doing that. So, you looked at the background materials, what we call the A1, which gives the rationale, what is the business case? Why should we even be bothering ourselves about the gender aspects of financial inclusion? Why should we care about the gap between men and women? And can you share maybe one or two key takeaways? You probably made comments also on the toolkit. Can you share one or two key takeaways, which as CBK, you would say, yes, these were our key takeaways? You've already mentioned one, you've already said, well, now we're already almost trying to apply this across other areas, but there could be other specific key takeaways, one or two.

Grace:

Thank you, Petronella. That's actually a very interesting question for us. And one of the things which we noted, even as we were reviewing the product design guide, and also just the general toolkit, the overview and everything, is we noted that it is possible that we already have some of the information that we might need to analyze. So, the only thing that might be missing is maybe a more in-depth analysis based on gender. As the Central Bank of Kenya, we noticed that we already collect a lot of this information for supervisory purposes. So, the whole idea is for us to be able then to look at this data that we are collecting and draw inferences based on gender. So, participating in this project and looking at the toolkit, we're able to immediately see that it is possible to synergize on the already existing data and see how then we can further use this to narrow down on gender specific aspects and gender disaggregated data so that then we draw useful inferences, and therefore contribute to financial inclusion.



Secondly, one of the other takeaways was, as particularly on the product design supervisory guide, we noted that even as we're going through the workshop, there is a need for financial service providers to go beyond product design and focus on product governance. Product governance is something which a lot of people tend to overlook, and it is critical for them to look at it, because it means assessing whether these products that are being designed for the financial sector are actually serving the needs of the target market, especially for the underserved. A lot of times you will find institutions creating products and services and purporting to, or intending to serve a specific niche. But then when it comes to implementation, when you review periodically, you might find that the intended niche is not really the majority of the people who take up those products. So there is need to look at it from a governance perspective and really review the product and its intended niche and its intended services that it intends to provide.

And look at beyond the launch, who has really taken up this product, has it served the intended niche, has it given the services to the underserved, especially where it was targeting the underserved? One more thing that I also need to highlight as part of our takeaways, as the Central Bank of Kenya, we noted that even as these products and services that might be designed for specific segments, they may prove unfavorable in certain segments of society if poorly implemented. For example, there are products which might be designed specifically for women. However, you might find that one of the requirements for women to access these products might be the requirement for documentation, the requirement for traditional collateral, which women may not access easily.

So by design, it might be that certain the segment which is intended to be served the specific niche, in this case women, they're already disproportionately affected by lack of these documents. So they ultimately face unequal access to financial services. So as the Central Bank of Kenya, we can assess now gender disaggregated data with an aim to really understand why the gender gaps exist, and also with an aim of closing these gaps, especially if primarily customers are locked out because of the requirements from the point of product design.

Petronella:

That's very interesting. And as you explained, Grace, I have also come across institutions that will purpose to have created a product for women, and yet all they did was to change the name. So it was a product for men, and then they said, oh yeah, business loans for women. So I think it's really critical to say how appropriate is the product, and also from a supervisory perspective to say, when we are approving, or when we are giving an okay about products, and if the products are targeting a specific niche, how appropriate are they? And I like the fact that you also touched on closing the feedback loop, because usually customers will also give feedback, but sometimes FSPs don't even collect the feedback to be able to refine their product and really make it as appropriate as it should be.



And you highlighted key issues, those barriers that we have always known about women, they are traditional barriers, but it's unfortunate we're in 2021, and we're still talking about those same barriers, which means as FSPs maybe they are not really designing innovative products that are as innovative as they should be, because by now we shouldn't be talking about that, we should have actually figured out these issues around alternative collateral substitutes and all that. So, I think it's, issues that you're raising are really critical, and issues that you were identifying as key takeaways. I think for me, one of the issues that you have raised is the fact that this information is already there. Sometimes it's actually there within the regulatory authority, but it's probably the way we're using it to make sure that for supervisory purposes, it's actually being used to advance financial inclusion from a gender perspective, which is an angle maybe that we don't necessarily take. So, I really like that aspect that you have highlighted.

The last question is about what you probably planning to do next. I know that as an authority, there may be areas that are not yet clear, but if there's anything that you are free to share to say, in terms of our follow-up, this is the kind of things that we are likely to do with the toolkit or as something further to the tool kit, or as application of the toolkit. So, anything that you would like to share with the audience in terms of what you're going to do with the toolkit in future?

Grace:

Thank you, Petronella. We are very excited about this. First of all, as I earlier mentioned, the toolkit is designed such that supervisors can adapt it to their context. So, for us, even as we are looking at our supervisory areas of interest, the Central Bank of Kenya intends to use this toolkit to review its current financial regulations and supervisory initiatives, so that we identify any further steps that we can take in collaboration with other stakeholders in the financial sector. And this will include encouraging gender-based reporting and also supervision. My second point is, we usually have an annual innovation survey where we carry out a survey among the financial institutions and figure out what next for them in terms of innovation. This is critical for us to also look forward into what the banking sector will look like in the next few years.

So, in this regard, we intend to incorporate gender considerations, gender aspects in the next innovation survey, which will be as at end of December 2021. And then finally, the Central Bank of Kenya has an ongoing project on an electronic data warehouse. So, of course, our aim with this project is for us to be able to further drill down and leverage this data, analyze it effectively, draw inferences, and be able to then use those reports and inferences and analytics to then make supervisory decisions. So, for us, we have already included gender as part of the requirements for granular data. And in future, we'll be able to analyze this data further for the gender considerations and also to make sure that we can take appropriate interventions when need be. So those are the three things that we will do in future.



Petronella: Great. And those sound like really big projects. And I think these were not projects that came out of the toolkit, but you're actually highlighting the way you can use aspects of the toolkit in the projects that are already existing. And that's what it's meant to do. It's really meant to enable the supervisor authority, to use it within the context of the work that they're doing, but with the mind of making sure that we advance financial inclusion for women.

Great, thank you very much, Grace. I like the fact that you have already highlighted projects that Central Bank of Kenya is already embarking on, and you are showing how the toolkits will be useful in existing projects. And I think that's useful for anybody in the audience to understand that it's really not a new thing, the toolkit gives you the tools for you to be able to do the work that you were doing to continue to do it better, especially from the gender perspective. So, that was Grace Ogawa. And thank you very much, Grace, for taking the time to share with us from Central Bank of Kenya. Thank you, very much and good day, to you all.

Grace: Thank you, Petronella. Good day.