

Recap of the Executive Panel

"Decoding Fintech and Capturing Opportunities for Financial Inclusion and Gender Equality"

Women Deliver Conference, July 3-6, 2019

Monday, June 3, 2019 | Video

More than 90 senior officials from around the world, including governors and deputy governors of central banks, financial sector supervisors and regulators, and representatives from NGOs and other international development agencies attended Toronto Centre's Executive Panel at the Women Deliver Conference on Monday, June 3, in Vancouver, Canada.



The TC Executive panel was held in Cheakamus room of the Fairmount Hotel, Vancouver.

The session opened with a keynote speech by **Kristin Hetle**, Chair, Women Deliver. The panel was introduced by **Christopher MacLennan**, Assistant Deputy Minister, Global Affairs Canada. Ms. Hetle and Mr. MacLennan delivered stimulating speeches outlining Canada's and Women Deliver's work on gender equality and women's empowerment. They also highlighted the importance of hosting global conferences that bring together people from a wide spectrum of sectors and cultures to discuss gender equality.



Christopher MacLennan, Assistant Deputy Minister, Global Affairs Canada



Kristin Hetle, Chair, Women Deliver

The discussion was skillfully moderated by **Christine Hogan**, Executive Director for Canada, Ireland and the Caribbean, the World Bank Group (WBG).



From Left: **Christine Hogan**, Executive Director for Canada, Ireland and the Caribbean, WBG; **Ceyla Pazarbasioglu**, Vice President, Equitable Growth, Finance and Institutions, WBG, and Board Member, Toronto Centre; **Sarah Hendriks**, Director, Gender Equality, Bill and Melinda Gates Foundation; **Socorro Heysen**, Superintendent, Peru's Banking, Insurance & Private Pension Funds Authority; and **Lindsay Wallace**, Director, Strategy and Learning, Mastercard Foundation.



Four distinguished senior panelists discussed existing regulations, guidance, supervisory practices, and industry standards as well as what needs to be done to benefit from the opportunities provided by the technological innovations in finance to create more inclusive financial systems and eventually close the gender gap. Key highlights included:

Ceyla Pazarbasioglu, Vice President, Equitable Growth, Finance and Institutions, the World Bank Group (WBG), provided a global perspective. Financial inclusion is the WBG’s key corporate goal for 2020. Ms. Pazarbasioglu highlighted the importance of sex-disaggregated data and information. There are presently 1.7 million people in the world who are unbanked, 1.1 million of whom are women. It is very important to empower women and engage them in economic activity, but this will not happen by itself. We need targeted policies. In order to formulate these targeted policies, we must understand the issues. Ms. Pazarbasioglu highlighted the three most important initiatives. The first is the *Global Findex database*, launched with funding from the Bill & Melinda Gates Foundation, which is the world’s most comprehensive data set on how adults save, borrow, make payments, and manage risk. It includes updated indicators on access to and use of formal and informal financial services. It adds new data on the use of financial technology (FinTech), including the use of mobile phones and the internet to conduct financial transactions. The second is the *Enterprise Survey database*, which is critical for in-depth information on legal and regulatory barriers for women to participate in business, access finance and markets in general. The third is *Data 2X*, a UN initiative for global gender data strategy and a multi-stakeholder effort to increase sex-disaggregated data by the banking sector. Ms. Pazarbasioglu mentioned that women in developing economies are nine percentage points less likely than men to have a bank account. Digital technology helps to decrease the gender gap in access to finance, and technology provides solutions to the problem as well as affordability by tailoring the products to women’s needs. However, most of the time the main problem is lack of income. Ms. Pazarbasioglu highlighted the importance of financial inclusion strategies, which bring together all stakeholders in a country, as a framework to understand the barriers to closing the gender gap. She concluded by mentioning the test and learn approach: technological innovations are evolving fast, and FinTech firms

are becoming cross-border. By creating controlled environments such as innovation labs and regulatory sandboxes we can and should learn from each other.

Socorro Heysen, Superintendent, Peru's Banking, Insurance & Private Pension Funds Authority, talked about Peru's experience in the FinTech space and financial inclusion. Financial inclusion in Peru has recorded significant progress: access to financial services increased from 35% to 81% and represents 90% of the population of Peru. Another major area of progress was the promulgation of the electronic money regulation in 2013. The bankers' association and a telecom company partnered to create BIN, the first electronic money in Peru. Despite good progress there is still long way to go. Ms. Heysen highlighted that FinTech brings a lot of potential for financial inclusion and gender equality, but currently FinTech companies are operating with people who already have access to finance. She emphasized that technological innovations are evolving fast and regulators are lagging; creating controlled environments such as sandboxes is very useful. However, Ms. Heysen noted that FinTech poses a huge challenge in coordination as it goes beyond the financial sector, bringing together other players with whom regulators do not interact. From the regulatory perspective there are three key issues: (i) financial stability; (ii) market integrity (KYC); and (iii) market conduct. FinTech poses significant risks to all three. Ms. Heysen mentioned that Peru promulgated a new law to regulate crowdfunding providers. Some of existing regulations have either been revised or are being revised to include the regulation of FinTech companies and FinTech-related products. Ms. Heysen highlighted the importance of big data to financial inclusion. Big data allows us to circumvent income; in other words, it allows us to estimate the capacity of borrowers to pay without knowing their income levels. In this way we can develop credit scores in the absence of income information, which in turn facilitates women's access to credit.

Sarah Hendriks, Director, Gender Equality, Bill & Melinda Gates Foundation, highlighted that, despite impressive progress in financial inclusion, the gender gap grew rather than shrank in Bangladesh and Pakistan. Ms. Hendriks provided four reasons for this growth. The first is *lack of identification*. Women need a convenient way to prove their identity. The second is *awareness*. Women reported that they do not understand the mechanics of using e-money. In Tanzania, women were given the option to receive money through an e-payment system, but most did not select this option because they did not know how to use the account. The third is *proximity to service points (mobile money agents)*. Women need a safe and convenient place to deposit their money. Mobile money networks have lowered the gender gap, but women do not have control over their money. In Pakistan women have 'limited mandate accounts'; they are able to receive money and cash it out. But that is all they can do. Women cannot perform any other financial transactions such as transferring money or making payments. Ms. Hendriks mentioned the Bill & Melinda Gates Foundation's women's economic empowerment strategy, which aims to transform how women participate in economies around the world. Their starting point is financial inclusion of low-income women through a three D framework: digitize, direct and design. The aim is to work with partners to ensure that women have access to and can actively use digital bank accounts.

Lindsay Wallace, Director, Strategy and Learning, MasterCard Foundation, also emphasized the importance of data. We need to start with data and information to address the gender gap. Findex data confirms that access to mobile money accounts lowers the gender gap. Ms. Wallace gave the example of sub-Saharan Africa, where 30% of young people have access to mobile accounts. The gender gap in finance is being reduced, but the level varies by country. She acknowledged that barriers remain and noted that we still lack products that people would like to use. There is still a need for more innovation by the private sector to develop the products that people will use. Ms. Wallace said that large numbers of people are using informal financial services. She concluded by saying that FinTech solutions help women to access financial services and credit, which helps them save money or grow their businesses. The private sector should be involved in creating innovative financial products to close the gender gap in financial inclusion in sub-Saharan Africa.

WATCH THE ENTIRE DISCUSSION:

<https://vimeo.com/341627561>