



BRINGING
SMART
POLICIES
TO LIFE

GENDER DIVERSITY WITHIN AFI MEMBER INSTITUTIONS

KEY FINDINGS AND HIGHLIGHTS
APRIL 2018



AFI SPECIAL REPORT

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EXECUTIVE SUMMARY

The financial inclusion of women has come to the forefront of AFI's policy discourse and practice since the adoption of the Denarau Action Plan (DAP) in 2016 at the Global Policy Forum in Fiji.

Since then, 27 AFI members have made at least one commitment related to gender and women's financial inclusion under the Maya Declaration. It is hoped that the DAP commitments of AFI members will continue to contribute to women's financial inclusion, their economic empowerment, and ultimately, to the wider sustainable development agenda.¹ Indeed, towards this end, the DAP has played an evident role as a catalyst for in-country policy actions to positively impact the lives of previously financially excluded women.

The DAP has 10 Action Points and through its Action #10, AFI members aim to drive greater gender diversity within their institutions, and their initiatives and strategies, which will lead to gender-sensitive financial inclusion policymaking. Not only does institutional gender diversity provide assurance that women have access to equal opportunities as men, it is also necessary for vigorous and innovative policymaking that is sensitive to gender imbalances. The Organization for Economic Cooperation and Development (OECD) argues that a "balanced representation of men and women in decision-making is critical to ensuring sustainability and viability of gender-sensitive and responsive public policies."²

AFI recognizes that there must be conscious efforts to address the social structures that perpetuate low levels of gender diversity and thus impede progress in advancing women's financial inclusion more broadly. However, meaningfully exploring and addressing the issue of gender diversity within member institutions of the network has been challenging due to an absence of empirical data that can be used as an evidence base. This is especially true for the network, which is composed of a diverse membership from a plethora of different political, social, and cultural contexts that all influence progress in gender diversity and women's participation in the government workforce.

The study that informed this special report aims to explore the current practices, gaps, and progress in institutional gender diversity among selected AFI members and to identify barriers that prevent progress in this area. It also seeks to recommend actions and initiatives that can promote gender diversity at the institutional level, including in leadership positions. AFI's appreciation of the role that gender-diverse leadership plays in driving change crystallized when its Gender and Women's Financial Inclusion Committee (GWFIG) became a permanent committee within the governance of the network, and when three women were appointed to AFI's Board of Directors.

This special report provides both a quantitative and qualitative understanding of the level of gender diversity within AFI member institutions as financial regulators and policymakers. It is envisioned that the findings of the study will support and further inform the development and implementation of smart policies to promote gender diversity at the institutional level and ultimately, gender-sensitive financial inclusion policymaking.

More specifically, the study was commissioned to:

- > Provide an understanding of the status of gender diversity within AFI member institutions, including current attitudes and practices;
- > Highlight efforts that are being made to promote gender diversity, including successes and barriers;
- > Recommend actions and initiatives that AFI can undertake to promote greater gender diversity within member institutions, including in leadership positions.

The findings of the study reinforced the increasingly common assertion that the barriers to achieving gender diversity at the institutional level, very much stem from sociocultural factors which over time have solidified social structures that preserve the gender inequalities intrinsic in society. These barriers include: challenges in maintaining work-life balance; women being considered to lack leadership qualities; low levels of awareness on the importance of stronger representation of women in leadership positions; and women's limited access to mentorship and capacity building opportunities.

In addressing these barriers, the underlying sociocultural factors must be seriously taken into account. As such, this special report recommends the following ways forward:

- > Implementation of sensitization and capacity building programs that are aimed at driving gender diversity, and that also demonstrate the positive links between gender diversity and central banks' initiatives to advance women's financial inclusion;
- > Development of guidelines for increasing institutional gender diversity, which can be used by policymakers and regulators to measure, design, develop, implement, and monitor gender diversity policies within their institutions; and
- > Generation of high-level commitment and advocacy to ensure the creation of the needed level of traction to take the agenda forward through policy action.

This special report serves as AFI's first step to drive gender diversity within member institutions, as committed under the DAP's Action #10, with the overall objective of closing the persistent gender gap in financial inclusion. The current practices, barriers, and recommendations offer a starting point from which AFI members can devise solutions to increase gender diversity within their institutions.

1 See, for example, Sustainable Development Goal 5: Achieve Gender Equality and Empower All Women and Girls.

2 OECD, 2014, "Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth," p. 17. Available at: https://read.oecd-ilibrary.org/governance/women-government-and-policy-making-in-oecd-countries_9789264210745-en#page1

GENDER DIVERSITY: A POLICY IMPERATIVE

Gender diversity is gradually gaining traction as a means to ensuring gender-sensitive decision-making, and consequently, policymaking. Promoting gender diversity at the institutional level is now internationally established to benefit the institution itself, its client-base, and its shareholders and partners.

In its research Women's World Banking aptly makes reference to the private sector's business case for increasing gender diversity, asserting that "having women's voices at the tables where decisions are made, about which products to offer and how, will lead to decisions that are more responsive to women clients."³ Further, the OECD argues that in the public sphere, empirical data has evidenced "lower levels of inequality in countries with a greater share of women in legislatures."⁴

Such an approach is then certainly applicable to the financial regulatory and policymaking process, whereby a larger representation of women, particularly at the leadership level where key decisions are made, can ensure the formulation and implementation of gender-responsive and women-targeted regulation and policies. In its policy guidance, AFI proactively underlines the importance of creating gender-diverse governance structures and Financial Inclusion Units (FIUs) as a prerequisite to policymaking that will advance the financial inclusion of women.⁵ Moreover, "evidence indicates that a higher participation of women in monetary policy committees is associated with better performance in terms of inflation and can signal prudence in implementing monetary policy actions."⁶

This is corroborated by various studies that link gender diverse organizations to improved innovation and financial performance. For instance, an analysis of the S&P Composite 1500 found that companies with women in leadership positions showed increased innovation and were on average worth around US\$40 million more than those with only male leaders.⁷ A joint report by Ernst & Young and the Peterson Institute found that a 30% female representation on boards could increase a company's net profits by 6%.⁸ Similarly, the Credit Suisse Gender 3000 reports⁹ show that greater diversity in boards and management are "empirically associated with higher returns on equity, higher price or book valuations, and superior stock price performance."¹⁰ Likewise, data from Women's World Banking's network of financial institutions have shown that organizations with over 35% women representation at board, manager, and staff levels demonstrate a higher Return on Assets (ROA) and have more women as clients.¹¹

Yet, worldwide, the representation of women at the leadership level in central banks and ministries of finance remains limited. According to the Official Monetary and Financial Institutions Forum (OMFIF) 2017 Global Public Investor Gender Balance Index, only 6.5% of the world's central banks (12) are headed by women, which have seen a decreasing trend since 2016, where 15 central banks had a female Governor.¹² Its 2018 Gender Balance Index highlights that the score of central banks on the index dropped from 31% last year to 19% this year, "indicating that there are even fewer women in senior roles."¹³



AFI Peer Advisory Service on Implementing National Financial Inclusion Strategies hosted by the Central Bank of Nigeria in Abuja, Nigeria (March 2018).

- 3 Women's World Banking, 2015, "Women's Workforce Participation and Advancement in Southeast Asia," p.3. Available at: <http://www.womensworldbanking.org/wp-content/uploads/2016/01/Womens-Workforce-Participation-and-Advancement-in-Southeast-Asia.pdf>
- 4 OECD, 2014, "Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth," p. 11. Available at: https://read.oecd-ilibrary.org/governance/women-government-and-policy-making-in-oecd-countries_9789264210745-en#page1
- 5 AFI, 2017, "Integrating Gender and Women's Financial Inclusion into National Strategies: A Guideline Note Developed by the Financial Inclusion Strategy (FIS) Peer Learning Group," p. 4. Available at: <https://www.afi-global.org/sites/default/files/publications/2017-03/GuidelineNote-27%20FIS%20Gender%20and%20FI.pdf>
- 6 Ibid, p. 4.
- 7 Ernst & Young, 2016, "Navigating Disruption without Gender Diversity? Think Again," p. 7. Available at: [http://www.ey.com/Publication/vwLUAssets/EY-women-in-industry/\\$FILE/EY-women-in-industry.pdf](http://www.ey.com/Publication/vwLUAssets/EY-women-in-industry/$FILE/EY-women-in-industry.pdf)
- 8 M. Noland, T. Moran, and B. Kotschwar, 2016, "Is Gender Diversity Profitable? Evidence from a Global Survey," p. 9. Available at: <https://piie.com/publications/wp/wp16-3.pdf>
- 9 Credit Suisse Research Institute, 2016, "The CS Gender 3000: The Reward for Change." Available at: <https://glg.it/assets/docs/csi-gender-3000.pdf>
- 10 Credit Suisse Research Institute, 2014, "The CS Gender 3000: Women in Senior Management," p. 3. Available at: <https://directwomen.org/sites/default/files/news-pdfs/9.pdf>
- 11 Women's World Banking, 16 January 2017, "How Transformational Women Leaders are Built," Women's World Banking Blogs. Available at: <https://www.womensworldbanking.org/news/blog/transformational-women-leaders-built/>
- 12 OMFIF, 2017, "2017 Gender Balance Index." Available at: <https://www.omfif.org/analysis/press-releases/the-omfif-bulletin-march-2017>
- 13 OMFIF, 2018, "2018 Gender Balance Index Bulletin," p. ii. Available at: <http://thinktank.omfif.org/genderbalanceindex2018>

GENDER DIVERSITY: A DEFINITION

For the purpose of this report, gender diversity at the workplace means a working environment wherein females have equal opportunities as males in recruitment, promotion, leadership, training, and retirement.

Conversely, gender inequality at the workplace refers to women being deprived of opportunities made available to men due to economic, social, and cultural barriers associated with being female.

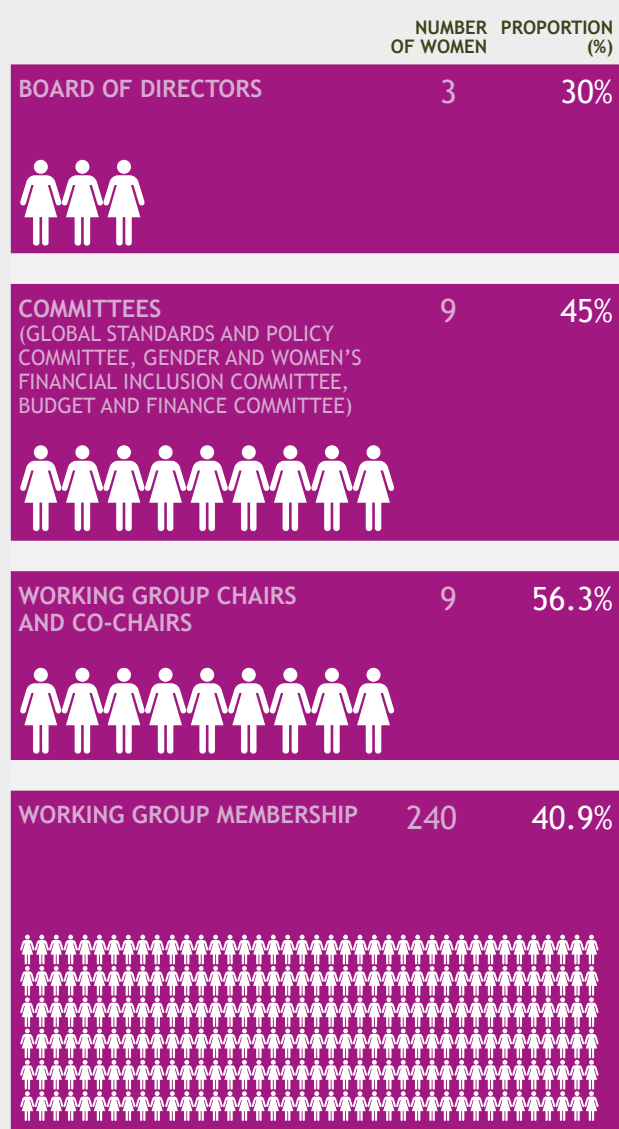


Nonetheless, a recent surge of encouraging initiatives to increase gender diversity at the institutional level is paving the way for others to follow. The Bill and Melinda Gates Foundation’s support for global diversity and inclusion are embedded in its core values of creating conducive working environments for employees to thrive and advance within the organization. In the banking sector, the Deutsche Bank appointed a Global Head of Diversity, who in collaboration with INSEAD, jointly developed the INSEAD Deutsche Bank Women Global Leader’s program, which has become the most effective leadership initiative and has led to a 50% increase in the number of women at the manager director level or above in the bank since 2009. The multi-national company L’Oreal promotes gender diversity by ensuring equal recruitment opportunities for both men and women, but couples it with talent development programs and a special emphasis on employees during parenthood. By the end of 2016, women accounted for 70% of its workforce, 62% of executives, 33% of the Executive Committee members and 46% of the Board of Directors. In terms of setting targets, the World Bank Group has started their process by committing to achieve gender parity at the senior leadership level across the organization globally by 2020. The International Monetary Fund (IMF), through its revised Inclusion and Diversity Council and backed by a strong organizational commitment, aims to meet its 2020 diversity benchmarks through various initiatives as detailed in its Diversity Annual Report 2015.¹⁴

As demonstrated by the findings in this special report, several AFI members have also spearheaded similar initiatives and programs within their institutions, overcoming socio-cultural norms that would otherwise prevent much needed progress in increasing gender diversity. The best practices captured here are intended to be a source of peer learning, so that other AFI members can begin to carry forward their commitment to Action #10 under the DAP.

¹⁴ IMF, 2015, “Diversity and Inclusion Annual Report.” Available at: <https://www.imf.org/external/np/div/2015/index.pdf>

REPRESENTATION OF WOMEN IN AFI’S GOVERNANCE STRUCTURE



REPRESENTATION OF WOMEN AT THE LEADERSHIP LEVEL WITHIN AFI MEMBER INSTITUTIONS

| REGION | NUMBER OF FEMALE HEADS OF INSTITUTION | COUNTRIES | NUMBER OF FEMALE DEPUTY HEADS OF INSTITUTION | COUNTRIES |
|-------------------------------|---------------------------------------|---------------------|--|--|
| ASIA | 0 | n/a | 10 | Bhutan, Cambodia, Malaysia, Maldives, Philippines (2), Sri Lanka, Thailand (3) |
| SUB-SAHARAN AFRICA | 2 | Lesotho, Seychelles | 9 | Burundi, Ghana, Kenya, Lesotho, Nigeria, Rwanda, Seychelles, Zambia, Zimbabwe |
| EASTERN EUROPE & CENTRAL ASIA | 2 | Mongolia, Russia | 4 | Tajikistan, Russia (3) |
| LATIN AMERICA & THE CARIBBEAN | 0 | n/a | 4 | El Salvador, Haiti, Mexico, Trinidad & Tobago |
| MIDDLE EAST & NORTH AFRICA | 0 | n/a | 1 | Egypt |
| PACIFIC ISLANDS | 1 | Samoa | 3 | Timor-Leste (2), Tonga |
| TOTAL | 5 | | 31 | |

THE STUDY

While studies on gender diversity within central banks do exist, they rarely venture beyond quantitative data in order to explore the significant underlying factors that cause gender diversity levels to be either low or high.

This gap in research is often brought to light by different studies which assert that the absence of “systematic, panel data on the gender composition of the leadership of central banks, that can allow to control for country specific conditions”¹⁵ in order to address the issue - leaves little room to begin to identify root causes and to deliberate on them in a productive manner, so as to effect change. Through a two-tiered approach, this study first examined the current levels of gender diversity within selected AFI members, and then assessed the barriers impeding progress. This was towards informing policy actions that AFI members can take to increase the representation of women within their institutions.

RESEARCH METHODOLOGY

The research was undertaken through the analysis of primary data collected through i) an online survey questionnaire and ii) phone interviews, and iii) a review of secondary data from country-level, regional, and international literature.

The intent of the study was to ultimately perform a deep dive analysis to explore the current practices, gaps, and progress in institutional gender diversity among selected AFI members and to identify barriers that prevent progress in this area. Therefore, there was a strong reliance on the analysis of data collected through phone interviews - which allowed for a more in-depth discussion and investigation of the issue at hand. Indeed, the phone interviews facilitated a deeper understanding on member and cultural-specific challenges, and provided a platform to clarify any conflicting data gathered from the research.

On completion of the survey and interviews, the data was collated, validated, and analyzed. Conflicting data between online survey and phone interview responses were clarified individually with 16 of the respondents. In addition to the primary data collected through these means, the study was supplemented by a literature review.

RESPONDENT SAMPLE

The respondent sample comprised of members of the GWFIC, the assigned gender focal points of AFI’s Working Groups, and AFI members that have made gender and women’s financial inclusion commitments under the Maya Declaration. These respondents were specifically targeted to ensure a more successful response rate, in consideration of their roles to advance the women’s financial inclusion agenda.

A total of 19 AFI members participated in the online survey, out of which nine participated in phone interviews. Phone interviewees were largely either Deputy Governors or Directors of their respective institutions.

LIMITATIONS OF THE STUDY

A majority of the respondents who participated in the study were female. A more equal representation of both females and males would have culminated in more robust findings. There were also observed inconsistencies between the responses collected from the online survey and those provided during the phone interviews, which were concluded to be due to varying levels of understanding of the issues at hand. These however, were addressed by seeking clarification either through follow-up telephone discussions or email correspondence with concerned respondents. Differences in the way each AFI member categorizes the designation of their staff members affected the quality of data, particularly when measuring the ratio of women’s representation at different levels of staff, which required follow-up clarifications from respondents. Insights from human resource staff would have added value to the findings. Finally, institutional gender diversity as a topic of discussion and area for policy action is noticeably still new for AFI members, who intuitively seek to address immediate challenges to the financial inclusion of women rather than social structures that prevent gender-sensitive policymaking.



High Level Joint Learning Program on building an inclusive MSME Financing Ecosystem in Kuala Lumpur, Malaysia (April 2018)..

15 Christine Bodea, May 2017, “The Value of a Seat: When are Women Elevated to Central Bank Boards,” p. 2. Available at: <https://ecpr.eu/Filestore/PaperProposal/417bd274-a7fe-4150-bdd1-cf2bf6ba9b8b.pdf>

KEY FINDINGS & HIGHLIGHTS

The study provided an indication of the level of gender diversity at the institutional level within selected AFI members, including the status of the representation of women in leadership positions. This included a review of factors that drive current practices and policies established to advance gender diversity or those that slow them down, and the role of different actors in building the female talent pipeline within central banks and ministries of finance. The following are key findings of the study:

KEY FINDING 1: INSTITUTIONAL GENDER DIVERSITY IS GIVEN A LOW PRIORITY

The study found that increasing gender diversity at the institutional level is not perceived to be an innate priority for a central bank or ministry of finance, whose primary mandate is to maintain financial stability and drive economic growth. Although AFI members have unanimously committed to the DAP’s Action #10, which aims to “drive greater gender diversity within member’s own institution and its initiatives and strategies,” overall, the study found that institutional gender diversity is given a lower priority vis-à-vis the broader issue of women’s financial inclusion.

There are therefore fewer or no deliberate efforts to promote gender diversity in the workplace since it is considered to fall beyond a financial regulatory institution’s core mandate, even if it is already pursuing efforts to advance the financial inclusion of women at the country level. This finding suggests a necessity to raise awareness on the role that gender diversity and more equal representation of women play in ensuring gender-sensitive financial policymaking, and the ways in which it would contribute to a country’s agenda of financially including women more rigorously for the long term.

KEY FINDING 2: PRESENCE OF NATIONAL-LEVEL GENDER DIVERSITY POLICIES FOR PUBLIC INSTITUTIONS

It is worth noting that national gender diversity policies for public institutions already do exist in the respondents’ countries, such as in Burundi, Egypt, Rwanda, the Solomon Islands, and Zambia, where the Ministry of Women or other related agency oversees the implementation of employment policies that aim to encourage the hiring of women:

| | |
|------------------------|---|
| Burundi | National Gender Policy, which has been in place since 2005, mandates 30% women leaders in all public institutions. |
| Egypt | The National Council for Women’s (NCW) Strategy for the Empowerment of Egyptian Women 2030 is the national document guiding the country in its women empowerment and gender equality efforts. |
| Rwanda | Gender Monitoring Office is the key agency, which drives gender equality by assessing public institutions’ gender diversity initiatives and rewarding them with certifications. |
| Solomon Islands | Gender Equality and Women’s Development’ policy led by the Ministry of Women, Youth, Children, and Family Affairs. |
| Zambia | National Gender Policy. |

Source: National-level gender diversity policy for public institutions of each country

These existing national-level gender diversity policies are useful starting points that can provide a basis for AFI members to raise awareness on the issue internally, especially among hiring staff. They can also be leveraged to gain the needed traction and buy-in from concerned decision-makers within the institution, including at the highest level, to eventually develop institution-specific gender diversity policies, and to monitor and report on progress later. At the macro-level, this coordinated approach is crucial in ensuring that the institution’s gender diversity initiatives are aligned with and coherently contribute to the country’s overall gender equality vision and strategy.¹⁶

KEY FINDING 3: A “GENDER NEUTRAL” POLICY DOES NOT GUARANTEE GENDER DIVERSITY

Several respondents shared that their institutions promote gender diversity through the implementation of “gender neutral” hiring policies that would ensure the provision of equal employment opportunities. However, as the National Bank of Rwanda pertinently highlights, the “gender-blindness” resulting from such an approach will only perpetuate the status quo that is being addressed and will not help in transforming the unequal structure of gender relations. There must instead be a strong awareness that a purposeful and proactive approach is needed in order to overcome the sociocultural barriers that are not immediately obvious, yet severely prevents an increase in gender diversity even when “gender neutral” hiring policies have been put in place. In its report on Women in Public Life in the Middle East and North Africa, the OECD recommends overcoming this by “raising awareness on the difference between gender-sensitive and gender-neutral policymaking to help create an understanding of the importance of accounting for different impacts that policies and regulations may have on men and women.”¹⁷

KEY FINDING 4: HIGH-LEVEL COMMITMENT TO THE CAUSE IS IMPERATIVE

All respondents asserted the imperative need for strong, high-level commitment to drive the agenda and overcome the underrepresentation of women in their institutions, particularly at the leadership level. In Lesotho, political commitment and leadership from central government has culminated in the appointment of women in both the Governor and Deputy Governor roles within the Central Bank of Lesotho, who were appointed by the King on the advice of the Prime Minister. In Egypt, the leadership commitment and recognition that the prosperity of the country relies on gender diversity and equal opportunity, is demonstrated by the appointment of six female Ministers in the cabinet, as well as the appointment of a female Deputy Governor at the Central Bank of Egypt. This level of commitment and hence, instruction that cascades from the central government plays the significant role of facilitating “visibility and high-level support for gender equality... across government departments.”¹⁸

16 OECD, 2015, “Women in Public Life: Gender, Law and Policy in the Middle East and North Africa,” p. 4-5. Available at: <https://www.oecd.org/mena/governance/women-in-public-life-mena-brochure.pdf>

17 Ibid, p. 9.

18 Ibid, p. 5.

Indeed, studies have found that organizations with gender diversity at leadership levels are twice as likely to place gender diversity among top three priorities on their agenda than those without one. This trend is prevalent in the Bank of Zambia, Central Bank of Egypt, Central Bank of Jordan, and the National Bank of Rwanda, where male Governors who are committed to the cause and proactively champion it through both words and action, drive such policies.

KEY FINDING 5: GENDER DIVERSITY DECREASES IN HIGHER POSITIONS

From the 10 AFI members who provided data¹⁹ on female staff representation in their workforce, the average representation of women at the Analyst level was 42%, which increased to 46% at Senior Analyst level, followed by a declining trend from the Departmental Head level onwards at 38%, 26% at the Board level, and 20% at the Governor level.

| | |
|-------------------------------|-----|
| Advisor/Officer/Analyst | 42% |
| Senior Officer/Senior Analyst | 46% |
| Manager/Head of Department | 38% |
| Board Member | 26% |
| Governor | 20% |

While the declining trend at the Board and Governor level is understandable because their appointments are normally made from outside the central banks' staff pool, the shift from a positive trend to a negative one towards the Directors level, in other words at the decision-making level, is glaring. Such a pattern if left unaddressed can delay the process of achieving greater gender diversity as committed by AFI members under the DAP Action #10. This pattern is even prevalent in OECD countries, where "women consistently occupy less than half of public service decision-making positions, on average accounting only for 28.6% of senior managers."²⁰

The Central Bank of Egypt, Central Bank of Jordan, Bank Negara Malaysia, Reserve Bank of Fiji and the Central Bank of the Russian Federation have 50% or more women staff in the mid-level category i.e. Analyst, Senior Analyst and Director levels. However, the percentage gradually decreases above this level and into leadership positions. This is aligned with the findings of Women's World Banking's report that underlines: "Despite the relatively high percentage of women in senior management in Southeast Asia, the banks we studied do have a gradual tapering of women in senior positions, with the exception of Indonesia."²¹ In terms of women's financial inclusion, Indonesia has a reversed financial inclusion gender gap of -2.6pp, where account ownership is higher among women.²²

It is therefore understandable why companies such as L'Oreal and Johnson & Johnson, with more advanced gender diversity policies, tend to put greater emphasis on talent development and more relaxed working conditions during the parenthood years.

Because it is during this time that most men will continue to move up the ladder to reach director level at the expected pace, while their female counterparts usually drop off the race for good.

KEY FINDING 6: GENDER DIVERSITY IS PERCEIVED TO DRIVE MORE EFFECTIVE POLICYMAKING INCLUDING TO ADVANCE WOMEN'S FINANCIAL INCLUSION

All nine members interviewed perceived promoting diversity in the workplace results in enhanced efficiency, productivity, and innovation. Others believed that gender balanced institutions pursue a comprehensive approach to decision-making due to the diversity of ideas and perspectives that are brought to the decision-making table. However, a majority of the interviewees believed that the promotion of gender diversity policies in the workplace should be merit-based and can be successful only if women are able to find a balance between work and family life.

In more general policymaking, studies demonstrate that "women in positions of leadership in parties, governments, or national legislatures have been shown to focus on issues of interest to women, bringing them into the public policy arena."²³ This is evident in the experience of the Bank of Zambia, Central Bank of Egypt, Central Bank of Jordan, and the National Bank of Rwanda, which all have women in leadership positions who champion and drive the reformulation and development of financial inclusion policy and regulation that more meaningfully target women. In the case of Jordan, the Central Bank's ability to maintain a good level of gender diversity within its staff has translated into gender-responsive financial product design and even advocacy on the part of the financial institutions that it regulates.



Participants at the AFI Joint Learning Programme on Consumer Protection: Enhanced Market Conduct Regulation and Supervision for Financial Inclusion hosted by the Central Bank of Armenia in Dilijan, Armenia (March 2018).

19 Data provided are estimated percentages.
 20 OECD, 2014, "Women, Government and Policymaking in OECD Countries: Fostering Diversity for Inclusive Growth," p. 101. Available at: https://www.oecd-ilibrary.org/governance/women-government-and-policy-making-in-oecd-countries_9789264210745-en
 21 Women's World Banking, 2015, "Women's Workforce Participation and Advancement in Southeast Asia," p.5. Available at: <http://www.womensworldbanking.org/wp-content/uploads/2016/01/Womens-Workforce-Participation-and-Advancement-in-Southeast-Asia.pdf>
 22 Findex 2014
 23 Christine Bodea, May 2017, "The Value of a Seat: When are Women Elevated to Central Bank Boards," p. 2. Available at: <https://ecpr.eu/Filestore/PaperProposal/417bd274-a7fe-4150-bdd1-cf2bf6ba9b8b.pdf>

BARRIERS TO GENDER DIVERSITY: PERSPECTIVES OF AFI MEMBERS

This section explores the barriers that AFI members face in promoting gender diversity at the institutional level. They have been categorized into sub-sections based on an analysis of the online survey and more in-depth discussions that took place during the phone interviews.

CHALLENGES IN MAINTAINING WORK-LIFE BALANCE

A majority of respondents perceived balancing work and family life as the primary barrier to reaching leadership positions within their institutions. This challenge exists but is not sufficiently acknowledged, is often misunderstood, and its impact extremely underestimated. This in effect results in its frequent dismissal as a significant barrier in this context. Through the phone interviews, respondents conceded that women in their institutions are usually confronted with the choice between climbing the organizational ladder to advance to higher positions or starting and caring for a family. A shortage or absence of customized remuneration, health, and family benefits further exacerbate this phenomenon. This is not different from the findings of a study on the participation and advancement of women in the workforce in Southeast Asia, which found that “societal expectations of women as primary house-makers and caregivers puts a burden on women to balance work and family priorities.”²⁴ These sociocultural factors, which over time have solidified social structures that preserve the gender inequalities that are intrinsic in society, must be seriously taken into account when addressing the issue of gender diversity.

WOMEN CONSIDERED TO LACK LEADERSHIP QUALITIES

Interviewees shared that women are typically not considered to possess the leadership qualities essential to progressing into leadership positions. This in turn causes women to face reduced levels of confidence and self-esteem, which discourages them from taking action to advance their careers within the bank. In institutions with a leadership that is skewed towards men, women do not get the required support and advice from their male colleagues and superiors. They are instead often perceived to be more suited to administrative roles that are concentrated at lower levels of the institutional hierarchy. The study found that five respondents thought an increase in the representation of women at the leadership level of their institutions would be perceived negatively by employees of the bank, two of the respondents being women and three of them men.

According to the Central Bank of Lesotho, the reasons preventing women from advancing into leadership positions need to be assessed and addressed in spite of the provision of “equal opportunities” to employment in the bank. These include perception barriers that hinder any progress. Only three out of the nine AFI members interviewed have initiatives to promote women to reach leadership levels, which are all still in the inception phase and yet to be executed. These initiatives are mostly centered on creating awareness through leadership training and women-focused recruitment policies. In this regard, the Central Bank of Egypt appears to be a pioneer with the launch of the “Women Mentor Program” in collaboration with the National Council for Women in Egypt and the Top 50 Women Forum to create a pool of qualified women in leadership positions. Similarly, Bank of Zambia also provides leadership trainings for its female Directors. Finally, respondents stated that the slow career progression experienced by women, followed by a seemingly “dead end” at the Director’s level in the bank often induced women professionals to resign.

LOW LEVELS OF AWARENESS

Further analysis on the survey responses highlighted gaps that currently exist in the human resource capacity of member institutions. The ability to mainstream gender diversity into institutional policies, systems, and procedures requires adequate and competent human resource capacity that is aware of and thoroughly sensitized to the importance of overcoming the unconscious biases that prevent gender-sensitive hiring, and make available employment opportunities that are more just to women. When exploring the initiatives taken by the member institutions surveyed, it was found that only the Bank of Zambia provides an in-house (as opposed to in-collaboration with other partners) training program for their staff to specifically raise awareness on the issue of gender diversity. Additionally, even amongst the respondents themselves, it was manifest that the level of understanding about gender diversity varied.

While all 19 respondents seemed to be aware of the term “gender diversity,” the level of understanding largely decreased as the depth of the questions increased. The interviewees who as champions of the cause have high levels of understanding of the subject, underlined the need for trainings and toolkits to enhance the understanding of gender diversity, its rationale, and its link to gender-sensitive financial inclusion policymaking to benefit women. The Reserve Bank of Fiji stressed the need for adequate financial resources and technical capacity to promote gender diversity within members’ institutions so that employees meaningfully understand the objective and the role gender diversity plays in policymaking.

24 Women’s World Banking, 2015, “Women’s Workforce Participation and Advancement in Southeast Asia,” p. 7. Available at: <http://www.womensworldbanking.org/wp-content/uploads/2016/01/Womens-Workforce-Participation-and-Advancement-in-Southeast-Asia.pdf> .

LIMITED ACCESS TO MENTORSHIP AND CAPACITY BUILDING

A majority of the interviewees stressed the need to provide formal mentorship to young women professionals to build the female talent pool, which is currently limited in all the member institutions interviewed. From the phone interviews, it can be inferred that a majority of women leaders have reached their current position through their own efforts with little or no mentorship. To strengthen the talent pool, interviewees stressed the need for adequate and appropriate capacity building measures reflecting the needs and levels of expertise of employees.

The Central Bank of the Solomon Islands stated that it experienced a decrease in the number of women in leadership positions from five in 2015 to two in 2016, a trend which demotivates other women professionals from aspiring to reach leadership positions. It also underlined that limited access to role models and mentorship prevents women from reaching leadership positions, as women are less assertive and depend on recommendation for promotions, unlike men who demand for it confidently. With men (average 90% based on estimated data) dominating leadership positions in the Central Bank of the Solomon Islands, potential in female staff is either overlooked or those requiring mentorship and guidance to assume higher responsibilities are not provided these opportunities. This barrier was also highlighted in OMFIF's recently published 2018 Gender Balance Index, which cites that an absence of role models or mentors for women in central banks prevents them from pursuing long careers in the sector.²⁵

25 OMFIF, 2018, "2018 Gender Balance Index Bulletin," p. iii. Available at: <https://www.omfif.org/analysis/gender-balance-index-2018>



The 15th Consumer Empowerment and Market Conduct (CEMC) and 17th Financial Inclusion Data (FID) Working Group meetings in Merida, Mexico (March 2018).



AFI Joint Learning Programme on Consumer Protection: Enhanced Market Conduct Regulation and Supervision for Financial Inclusion hosted by the Central Bank of Armenia in Dilijan, Armenia (March 2018).



Members of the AFI Gender and Women Financial Inclusion Committee (GWFIG) with Governor Zandamela from Bank of Mozambique during a panel discussion at the 2017 Global Policy Forum.

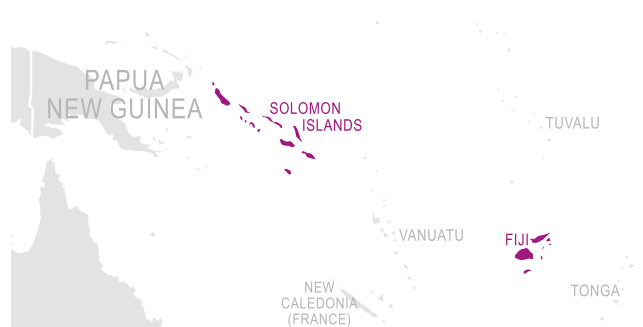
AFI MEMBER BEST PRACTICES: DRIVING GENDER DIVERSITY WITHIN INSTITUTIONS

In recognition of these barriers, several AFI members have taken action to increase gender diversity within their respective institutions. This section provides insights into their initiatives with a view to highlight the best practices of regulatory institutions in moving forward to drive institutional gender diversity, in consideration of social and cultural barriers.



BRAZIL

The Banco Central do Brazil through its women leadership training, annual gender equality events (such as International Women’s Day), and lectures aims to improve relationships amongst its staff by eliminating discrimination against women. These programs also help female staff strike a balance between their professional growth and personal aspirations, as well as manage sexism in the workplace. The Corporate University UniBC, a department within the Banco Central do Brazil itself, provides the training and lectures. Furthermore, the bank’s recruitment policy, which includes a written test, guarantees total anonymity through a “number” allotted to each applicant, thereby ensuring fair treatment to all candidates regardless of their gender. To build the talent pipeline, the Human Resource Advisor empowers high-potential staff with the required competency for leadership positions, regardless of their gender, sexual orientation, or ethnicity. For the last five years, the Bank has been monitoring the percentage of women in both leadership and entry-level positions, which currently stands at 24% and 23% respectively. This reflects its ability to sustain a compatible number of women employees at both levels. To further accelerate gender diversity, the Bank’s Board encourages discussions on gender diversity issues and the right approach to implement smart policies to create a more conducive workplace for everyone.



SOLOMON ISLANDS

Central Bank of the Solomon Islands has taken actions to increase gender diversity by setting targets for i) promotion and recruitment and ii) training and coaching. This has led to the number of women represented in leadership positions to increase by five in 2015. In 2018, the Bank seeks to build on this success and gain increasing momentum through the implementation of merit-based women-targeted hiring practices, to meet the target of 15 women professionals in core departments. This is driven by a manifest high-level commitment from the Governor, who as the Chairman of the Financial Inclusion Committee is a Gender Champion and effected institutional change, particularly in ensuring a Human Resources Policy that actively targets high-potential female candidates. The policies are implemented through a specially allocated budget and trainings provided at all levels.

FIJI

Reserve Bank of Fiji has a “Recruitment and Selection Policy” which provides equal employment opportunities to all applicants, irrespective of their sex. The Bank advocates for gender diversity and encourages the inclusion of women in the public workforce. In 2017, the Bank advocated the need for greater women representation on the boards of listed companies through an official press release, thereby sending out a policy signal to the wider financial sector, which resulted in a conscious effort on the part of companies to appoint women board directors. As of 2017, seven out of the 19 listed companies have female board directors. In terms of composition, 13 out of 106 board directors in the listed companies are women.



EGYPT

Central Bank of Egypt is developing an institution-specific gender diversity policy, which would address the barriers preventing women from reaching leadership positions. The bank is setting a model for the country's financial institutions by raising awareness on the importance of women's economic empowerment and leadership. Towards this end, the Bank has become more focused and target-oriented, and will rely on the conduct of a baseline study on the representation of women at different staff levels within the Bank. Similarly, the Bank has conducted a survey among banks to assess the current level of women representation and based on the results, targeted policies would be developed. Other initiatives to promote women's economic empowerment and leadership in the financial sector is the recent collaboration between the Central Bank of Egypt with the National Council for Women in Egypt and the Top 50 Women Forum, which includes the 100 most influential women in the Egyptian society across different industries, to launch the Women Mentor Program (WMP). The WMP aims to promote and create a pool of women in leadership and decision-making positions through identifying qualified women in various sectors within the framework of the Sustainable Development Strategy: Egypt Vision 2030, which addresses gender equality and women's economic empowerment and leadership promotion under its pillars. Another joint initiative of the Central Bank of Egypt with the American University in Cairo (AUC), is the Women on Boards Observatory, which has three targets: to determine the current status of women on boards, to provide leadership training to mid-level women to nurture them as future board directors, and to avail a database of potential women on boards.

JORDAN

Central Bank of Jordan is coordinating with the Bankers Association of Jordan in developing guidelines on enhancing gender diversity through the collection of sex disaggregated data. It also practices zero tolerance to gender discrimination while hiring and granting approval for critical posts in banks within the financial sector. After the adoption of the DAP, the Bank's efforts have gained impetus and it now plays an active advocacy role to raise awareness on the importance of gender diversity among institutions within the financial sector, which has resulted in banks taking appropriate action to increase the representation of women on their staff. For example, one bank has a special program for former employees who are mothers, to provide them with an incentive of three years of full pay, in addition to training to facilitate their re-entry into job market.



ZAMBIA

Bank of Zambia has a Gender Policy since 2001, which drew legitimacy from the National Gender Policy of Zambia but remains to be fully implemented. The policy is awaiting the official adoption of a framework to ensure its effective and meaningful implementation. The need for a specific Gender Diversity policy to further develop the agenda is imperative. The Bank has a Gender Expert who conducts sensitization training for the staff and offers a gender equality training that is provided by the Turin Centre, Italy. Participants include male employees, towards raising awareness and helping them to understand that gender diversity is not about displacing men but ensuring a fair representation of both sexes in the workplace. At the financial sector level, the Bank promotes diversity through raising awareness and rolling out the collection of employment statistics data that is sex-disaggregated. At the national level, the President of Zambia is a "HeForShe" champion, which has brought about the appointment of a female Vice President and Chief of Justice.

RWANDA

National Bank of Rwanda takes forward a systematic approach in promoting gender diversity within the institution. It is currently conducting an institutional gender diversity baseline study, which will then inform the formulation of a gender diversity policy, equipped with an action plan that will be endorsed by the Bank's board in 2018. Furthermore, the Bank has a gender-balanced leadership team led by the Governor, who is a "HeForShe" Champion. At the sectoral level, it collects sex-disaggregated data and advocates for gender diversity in recruitment. It ensures that the Boards of the financial institutions are balanced in terms of gender and that financial inclusion strategies are gender responsive. Nationally, Rwanda's Gender Monitoring Office leads the agenda by monitoring public institutions on their gender diversity initiatives, holding them accountable for their actions and rewarding them with certifications for attaining gender diversity.

CONCLUSION AND WAY FORWARD

This special report serves as AFI's first step to drive institutional gender diversity as committed under the DAP's Action #10, with the overall objective of closing the persistent gender gap in financial inclusion. The gaps and barriers identified, offer a starting point from which AFI members can devise solutions to increase gender diversity within their institutions.

Although gender diversity is a more recent topic for AFI compared to the broader policy area of women's financial inclusion, the study revealed the progressive actions and initiatives already undertaken by some AFI members towards driving greater gender diversity within their institutions. Despite being at varying levels of development and implementation, they are nevertheless concrete examples that can be used as points of reference for other AFI members and even regulatory institutions beyond the network. Most notably, they seek to address the underlying social and cultural structures that perpetuate low levels of gender diversity and impede progress in advancing women's financial inclusion.

BASED ON THE STUDY, THE SPECIAL REPORT RECOMMENDS THE FOLLOWING WAYS FORWARD:

IMPLEMENT SENSITIZATION AND CAPACITY BUILDING PROGRAMS

Most respondents felt awareness programs and trainings should be provided to dispel the misconception that gender diversity at the institutional level is unrelated to gender-sensitive policymaking. Sensitization and capacity building programs that are aimed at driving gender diversity must effectively demonstrate the positive link between gender diversity and central banks' initiatives to advance women's financial inclusion. All AFI members interviewed stressed the need to build and foster a sustainable female talent pipeline through continuous mentoring and management trainings, which will lead to the delegation of higher responsibilities and accountability to women within their institutions.

DEVELOP GUIDELINES FOR INCREASING INSTITUTIONAL GENDER DIVERSITY

Guidelines or toolkits that recommend principles should be taken into account, policymakers and regulators can use them to measure, design, develop, implement, and monitor gender diversity policies within their institutions. This would also demystify the concept of gender diversity. Additionally, interviewees underlined the need for employees to be trained in the "how" rather than the "what" when tackling gender diversity issues to meaningfully and sustainably address the existing gaps and barriers.

GENERATE HIGH-LEVEL COMMITMENT AND ADVOCACY

Commitment to increase institutional gender diversity must be established at the highest level, for this will ensure the creation of the needed level of traction to take the agenda forward through policy action.

This special report demonstrates that a growing number of AFI members recognize this and in consequence, have leadership that actively advocates and asserts the importance of gender diversity to gender-sensitive financial inclusion policymaking.



FinTech Policy Forum co-hosted by Central Bank of Jordan and AFI in Amman, Jordan (April 2018).



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