

Making Finance Work For Women

An Interview with Mary Ellen Iskenderian, President and Chief Executive Officer, Women's World Banking

EDITORS' NOTE *Mary Ellen Iskenderian is the President and CEO of Women's World Banking, a global nonprofit dedicated to serving the nearly one billion women excluded by the formal financial sector. She joined Women's World Banking in 2006 and leads its global team in partnering with financial institutions and policymakers around the world to design and develop solutions and programs that facilitate systemic change for women. Additionally, she oversees Women's World Banking's for-profit asset management business that makes direct equity investments in financial services providers as a means to advance women in the workplace and as customers. Iskenderian has spoken widely and published extensively on topics ranging from equality of economic opportunity, women's financial inclusion, climate resilience, and financial abuse. In April 2022, her first book, There's Nothing Micro About a Billion Women: Making Finance Work for Women, was published by MIT Press. Before joining Women's World Banking, Iskenderian worked for 17 years at the International Finance Corporation, the private sector arm of the World Bank, and had previously worked for the investment bank Lehman Brothers. She is a permanent member of the Council on Foreign Relations, serves as a Director on the Board of the William and Flora Hewlett Foundation, and is a member of the World Economic Forum's Global Future Council and of Milken's Africa Business Leaders Council. A 2017 Rockefeller Foundation Bellagio Center Fellow, Iskenderian holds an MBA from the Yale School of Management and a BS degree in international economics from Georgetown University's School of Foreign Service.*



Mary Ellen Iskenderian

How do you define Women's World Banking's mission and purpose?

Women's World Banking is dedicated to serving the one billion women excluded by the formal financial sector. We aim to expand the economic assets, participation, and power of low-income women and their households by helping them access financial services, knowledge, and markets. By expanding our presence and partnerships on the ground with financial services providers and policy makers to advance global policies that impact

women's economic empowerment we are on track to reach 100 million women by 2027. Our mission through gender lens investing is to make direct equity investments in inclusive financial institutions and to create value through advocacy and technical assistance to reach more women as customers and attract female talent, thereby achieving higher returns on investment while helping to close the financial inclusion gender gap. As an NGO, we partner with financial institutions and policymakers to design and develop solutions and programs that facilitate systemic change for women. As an investor, we advance women in the workplace and as customers by making direct equity investments in inclusive financial services providers.

Our purpose is to ensure women are included in the economy and have access to the right products and information to make informed financial decisions.

How does Women's World Banking partner with financial institutions and policymakers?

The barriers to women's full economic participation are complex and multi-faceted and will only be eliminated through efforts across the financial system at the global and local levels. Partnerships are critical to driving the necessary changes at a systemic level. We partner with financial services providers, investors, and donors to bring women-centered products, services, and marketing practices to market. Likewise, we collaborate with both global and local policymakers and regulators to ensure the enactment of inclusive policies that are responsive to women's needs and experiences.

We work directly with financial services providers to design solutions with women in mind. This means thinking about women's

capabilities and aspirations at every step, from marketing to onboarding and product experience. Our focus goes beyond extending access to financial services to ensuring that solutions are designed and marketed in such a way that women can make meaningful use of them. Our partnerships with 205 institutions across 59 countries have allowed us to reach 56 million women in the last six years with financial products and services that foster measurable positive changes in their lives and those of their families and communities.

Governments play a central role in breaking down barriers to financial inclusion by implementing laws and policies that reduce inequalities and boost economic growth. At the country level, we work directly with governments and regulators to design and implement policies and initiatives that promote women's financial inclusion. At the global level, we are the only credentialed NGO working on financial inclusion at the G20. As of 2024 Q2, Women's World Banking has engaged 83 financial policy and regulatory institutions across 47 countries, creating enabling environments for more than 5 million women.

Through our policy advocacy work, we are channeling insights and knowledge from our research and advisory services to government ministries, regulatory and supervisory bodies, and individual policymakers seeking to advance women's financial inclusion in their countries. For example, promoting gender-disaggregated data has been a significant part of our work in recent years: we advocate for the mandatory collection of this data by financial regulators and encourage the use of this data once collected to improve policy and promote products that meet the needs of women.

What excited you about the opportunity to lead Women's World Banking and made you feel it was the right fit?

From day one, I have been inspired by the opportunity to make finance work for women. Prior to Women's World Banking, I worked for 17 years at the International Finance Corporation, the private sector arm of the World Bank. Before that, I worked as an investment banker at Lehman Brothers. While I loved working in banking, I felt myself moving further away from the groups I wanted to serve. In order to make an impact, I wanted my day-to-day work to be much closer to the communities that had been sidelined or ignored by the formal financial system. Since joining Women's World Banking,

ORGANIZATION BRIEF *For over 45 years, Women's World Banking (womensworldbanking.org) has been dedicated to serving the nearly one billion women excluded by the formal financial sector. As an NGO, it partners with financial institutions and policymakers to design, develop, and implement solutions and programs that facilitate systemic change for women. As an investor, it advances women in the workplace and as customers through direct equity – to bring them security, prosperity, and independence. Since 2018, Women's World Banking has reached more than 56 million women helping to change not only their lives but also those of their households, communities, and countries.*

I have traveled around the world and seen firsthand the disparities in opportunity that exist, as well as how critical women are to the growth and resilience of economies.

What are the implications of a lack of women's financial inclusion?

Financial inclusion plays an essential role in building a secure future for women and their families. A lack of women's financial inclusion impedes the response to numerous macroeconomic challenges and shocks, including climate change. For example, a woman at risk of displacement by a climate emergency needs access to the full range of financial products to plan for and respond to these shocks for her family and her business. She needs everything from reliable payment systems for emergency relief to loans to replace lost inventory, livestock or crops; to insurance to mitigate risks and cover losses. Likewise, our response to issues such as the burdens of the care economy, women's unique health concerns, and their roles in the labor force are all closely connected to the breadth and depth of their inclusion in the financial system.

For Women's World Banking, recognizing the direct connection between financial inclusion and broader economic issues opens up the possibility for new partnerships and the potential for even deeper positive impact on the lives of the women we aim to serve.

As companies continue to adopt AI at increasing rates, how do algorithmic biases impact critical financial systems and decision-making, and how is Women's World Banking addressing this?

Gender-neutral data is a myth. Women have historically been subjected to unconscious bias in the financial world. As AI systems learn, they perpetuate and even amplify social inequalities and biases, exacerbating unequal financial systems. Even if gender isn't a direct input, data can still be biased. For example, digital credit companies base lending decisions on data such as GPS, phone specs, and network information. This may contribute to the gender gap in disparities in technology access – a significant likelihood given the 15 percent gender gap in smartphone ownership reported by the GSMA.

Women's World Banking is addressing AI gender bias by working with financial institutions to enhance their lending processes through a gender-intentional approach and encouraging the collection and use of gender-disaggregated data. We are conducting research to build the evidence and develop tools that address biases to enable financial services providers to design solutions that meet the needs of women. Our research provides critical evidence that can be built into solution design. For example, we created a scorecard tool that helps financial institutions check for gender balance, fairness, and opportunities throughout the lending process. This tool helps to identify and mitigate biases, fostering internal discussions on how to better serve women customers and close the credit gap. We are focused on bias mitigation strategies including de-biasing data, creating algorithm audits, and setting up internal reviews at institutions with bias.

What is gender lens investing and how can it be used to enhance women's economic empowerment?

In the mid-2000s Women's World Banking noted a disturbing trend: the percentage of women served by microfinance institutions that attracted external capital from commercial investors dropped precipitously and women's leadership within these organizations all but disappeared. To demonstrate the continued value of serving women clients through gender diverse organizations, Women's World Banking put our money where our mission is. We launched Women's World Banking Asset Management (WAM) alongside our first \$50 million gender lens investment fund, WWB Capital Partners, in 2012. In 2020, we further developed this investment thesis, expanding our investments to a broader range of financial institutions with the \$103 million WWB Capital Partners Fund II. To date, WAM has invested in 21 inclusive financial institutions across 20+ countries, serving more than 10 million women customers.

“We hold ourselves accountable to determining whether a woman has been empowered through her engagement with financial services providers.”

For most investors, gender lens investing has come to mean investing in women-owned companies. For Women's World Banking, gender lens investing has a broader meaning that extends to financing gender-diverse companies that serve women as a proven strategy for financial outperformance. Allocating capital to companies that focus on women as customers and as workforce and leadership talent leads to stronger institutions, better returns, and a more equitable world. WAM leverages our technical assistance capabilities through a range of value creation services for portfolio companies to improve the gender diversity of their workforce and their outreach to the addressable market of female clients. An example of this combination of investment and value creation

is a portfolio company in India that provides housing loans to low-income households and requires the woman's name to be on the title to the property being financed. This practice not only protects the legal rights of women, but has resulted in improved loan repayments as well. As part of its value creation contribution to this company, WAM noted that female loan officers were more effective than their male counterparts at making credit recommendations. By highlighting the good performance of their female loan officers, WAM encouraged the company to hire more women into those roles, creating jobs for rural women, while increasing the company's productivity.

How does Women's World Banking measure the impact it makes through its work?

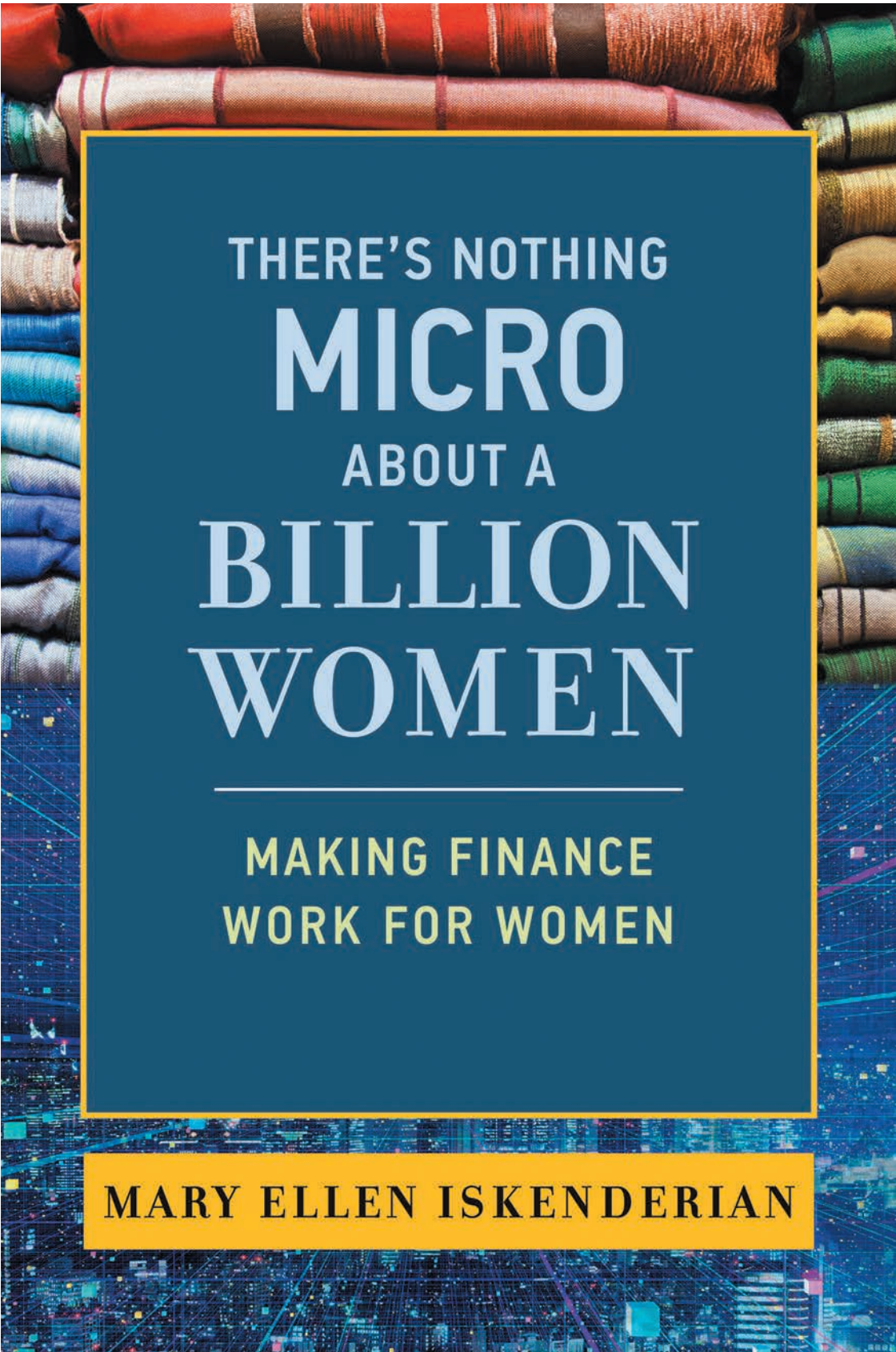
In 2018, we launched a ten-year strategy to elevate our organization's scale and impact, setting a goal of reaching 100 million women with financial products by 2027. Reflecting on our progress to date, it's clear that the strategic adjustments we've made to our business model, such as establishing robust local teams in priority markets and broadening our advocacy efforts, have yielded remarkably positive outcomes. Six years into the strategy and with 56 million women reached, we're more than halfway to reaching our goal through a combination of advisory services to financial services providers, advocacy to policymakers, and direct investments.

While the numbers are important, our impact is not just about statistics. We hold ourselves accountable to determining whether a woman has been empowered through her engagement with financial services providers. Through rigorous quantitative and qualitative research, our women's economic empowerment framework measures material and cognitive change that a woman might experience, enabling her to build resources. We also assess perceptual and relational changes that contribute to her agency, power, and participation. Outcome studies on several of our projects have shown, for example, that women with access to financial products participate more in household financial decisions and report feeling greater confidence in handling financial shocks.

How is Women's World Banking highlighting the connection between climate change and financial inclusion?

The scientific community has developed a strong body of evidence quantifying the impacts of climate change on the environment as well as the disproportionate effects on historically marginalized groups, including women. Yet there is still a large gap in the evidence base on how climate change will impact individual-level finances and financial health among low-income women, households, and small businesses. We are eager to help close this gap and identify evidence of climate realities specific to low-income women.

It's important to remember that while women may bear the biggest burden of the consequences of climate change, they also represent a largely untapped source of solutions to address climate change. Women's traditional roles as stewards of water and other natural resources make them uniquely qualified to conserve those resources,



THERE'S NOTHING MICRO ABOUT A BILLION WOMEN

MAKING FINANCE
WORK FOR WOMEN

MARY ELLEN ISKENDERIAN

to respond to natural disasters creatively, and to ensure the community's resilience. In fact, there is growing evidence that women's presence in local climate change responses is associated with better resource governance, conservation outcomes, and disaster readiness.

Our aim is to support women as they adapt their financial lives in the face of these climate-related impacts and ensure their voices are heard in designing climate readiness and response. Our work is currently focused on building resilience

against climate shocks and creating greater economic opportunities for women through climate mitigation and adaptation solutions.

What interested you in writing the book, *There's Nothing Micro About a Billion Women: Making Finance Work for Women*, and what are the main messages you wanted to convey in the book?

The fact that nearly one billion women have been completely excluded from the formal financial system shocked me and moved me to

raise awareness of this injustice. Without even a bank account in their own names, these women lack the basic services that most of us take for granted – secure ways to save money, pay bills, and get credit. While microfinance has been hailed as an economic lifeline for women in developing countries, I had seen its limitations firsthand. Throughout my book, I detail how it takes more than microloans to empower women and promote sustainable, inclusive economic growth. I also provide numerous case studies and examples for the financial services industry to follow. Financial services providers should view these one billion “unbanked” women not as charity cases, but as a business opportunity. They are a lucrative market of small business owners, heads of households, and purchasers of financial products and services.

It is my hope that through this book, readers come to understand that financial inclusion can be transformative for the lives of women in developing countries. I also wanted to make a clear business case for financial inclusion and note the ways that financial institutions can adapt to help women build wealth, access capital, and manage risks. Banks can do the right thing – and make money while doing so – and all of us can benefit.

Considering the significant barrier to women's economic empowerment posed by the lack of women in leadership roles, how does this influence your own leadership approach?

Greater women's representation has been correlated with higher returns, lower risk, and greater impact. Prioritization of gender diversity in many institutions can be a proxy for other positive determinants of financial performance, such as innovation, employee satisfaction, customer loyalty, and an inclusive and supportive work environment. Gender diversity alone is not a cause for an improved bottom line, but rather a symptom of a healthy, vibrant organization.

The power of gender diversity to drive business results is clearly evident among our investment portfolio companies. Our data shows a strong positive correlation between client and staff gender diversity and key financial performance indicators, including ROE and revenue growth. We also observe a positive correlation between women loan officers and outreach to women clients. Simply put: if you want to reach more women, hire more women.

I am honored to lead Women's World Banking – an organization where diversity has emerged as a genuine strength, maybe even a “superpower.” Our organization advocates for women's leadership not just in the board room and C-suite, but at all levels of an organization. As a female leader of a woman-focused organization, diversity takes on a different, but no less urgent importance. I have been extremely fortunate to have male colleagues from all over the world in our senior leadership, board, and programmatic teams who have made enormous contributions to our mission. These men are not just “allies” – rather, they bring an invaluable perspective to our work, underscoring the importance of women's financial inclusion to economic growth and the creation of a more just society. ●