

Mobilize Millions

Investing in the Fintech Gender Dividend in Pakistan



Outcomes Report

September 2022

globesight



**Pakistan
Fintech
Network**

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I. Executive Summary

Global trends reflect that gender mainstreaming and inclusion from early stages allows greater access to start-up funding. In Pakistan, gender-specific barriers in fintech, and start-ups in general, such as low entrepreneurship rates among women and limited access to and disproportionate funding gaps for women-led businesses, deter the adoption of gender lens investing. Understanding gender social norms is fundamental to understanding the gender divide challenges when it comes to financial inclusion. Framing solutions that consider these norms and creating additional use-cases would enable Pakistan to create traction in fintech for greater gender inclusion. To address issues and challenges, and to identify opportunities to advance gender inclusiveness in the fintech start-up sector, Globesight in partnership with the Pakistan Fintech Network convened investors, funds, start-ups, and other key stakeholders in the fintech, investment, and gender equality space. This Outcomes Report highlights the key findings from the virtual event.

II. Overview: Mobilize Millions and the Fintech Gender Dividend in Pakistan

Globesight began advocating for improved gender-equal access to digital, mobile and financial platforms within our countries of focus, through the Mobilize Millions campaign. Globesight is also a “commitment maker” under the UN Women Gender Equality Forum’s Action Coalition on Technology and Innovation for Gender Equality, which aims to reduce the gender digital divide across generations by accelerating meaningful access to digital technologies and universal digital literacy by 2026.

The motivation to focus on Pakistan in specific was influenced by multiple factors. Pakistan currently ranks 153rd out of 156 countries on the Global Gender Gap Index, having climbed only one rank in the last 15 years. Across many sectors, in particular finance and digital technology, women are being left behind. This is evidenced by the fact that Pakistan has the largest gender gap in digital access parity, and the widest mobile ownership and mobile internet gender gap in the world, where women are 34% less likely than men to own a mobile and 43% less likely to use mobile internet. In terms of access to finance and financial services, the majority of the unbanked population in Pakistan is women, where only 7% out of 21% of adults with bank accounts are women.

Despite the poor overall progress on gender equality, there are more Pakistani women online than ever before, and women’s digital and financial inclusion is increasingly prioritized by both private and public sector stakeholders. This includes the growing fintech ecosystem in Pakistan, which is uniquely positioned to contribute towards bridging the gender divide by improving women’s access to digital financial services, and by creating opportunities for their entry and advancement as users and participants in the ecosystem. As experience elsewhere has shown,

access to digital financial services can lead to better life outcomes and economic inclusion for women. For start-ups, a more gender inclusive fintech sector is not only “good” from an impact perspective but is also a commercially good practice and can in fact provide a gender dividend to growing start-ups in the fintech sector. Despite the poor overall progress on gender equality, there are more Pakistani women online than ever before, and women’s digital and financial inclusion is increasingly prioritized by both private and public sector stakeholders. This includes the growing fintech ecosystem in Pakistan, which is uniquely positioned to contribute towards bridging the gender divide by improving women’s access to digital financial services, and by creating opportunities for their entry and advancement as users and participants in the ecosystem. As experience elsewhere has shown, access to digital financial services can lead to better life outcomes and economic inclusion for women. For start-ups, a more gender inclusive fintech sector is not only “good” from an impact perspective but is also a commercially good practice and can in fact provide a gender dividend to growing start-ups in the fintech sector.

Pakistan's fintech sector is nascent in comparison to other emerging markets, with below-market average funding to the fintech space: only 13% of startup funding in 2020 went to the fintech sector in Pakistan (US\$ 10 million). Global trends reflect that gender mainstreaming and inclusion from early stages allows greater access to start-up funding. Gender-specific barriers in fintech, and start-ups in general, such as low entrepreneurship rates among women and limited access to and disproportionate funding gaps for women-led businesses, deter the adoption of gender lens investing. Pakistan has one of the lowest rates of women entrepreneurs in the world where only 8% of MSMEs are women-owned, and there are large gaps in women’s access to finance. Improving gender inclusion in Pakistan’s fintech sector, however, entails a deep understanding of systemic barriers and a collective strategy to address and overcome them while building and creating new opportunities to harness the equalizing potential of the fintech sector, aspirations that Mobilize Millions aims to support.

In December of last year, Globesight hosted the virtual roundtable “Mobilize Millions: Investing in the Fintech Gender Dividend in Pakistan” in partnership with the Pakistan Fintech Network to advance gender inclusion in the fintech market in Pakistan. The roundtable focused on how growth companies can capture the opportunity that the gender dividend offers by expanding its total addressable market while at the same time serving the underbanked and unbanked in Pakistan, who are mostly women.

III. Key Findings from the Roundtable

The roundtable enabled a productive discussion focused on mapping challenges and opportunities of advancing gender inclusion in Pakistan, specifically within and through the fintech sector. Broadly the discussion covered the current state of gender inclusion within the fintech sector as well as the broader ecosystem of investments, regulatory environment, and systemic issues.

The participants also explored the role of the private sector and other stakeholders in helping strengthen the fintech sector's emphasis on gender mainstreaming.

a. Addressing barriers to women's digital financial inclusion is key

Despite the gaps and challenges, progress is apparent. For example, the number of mobile wallets significantly increased in Pakistan from 2018 to 2021. Technology adoption and digital literacy of women is slow to progress in Pakistan and yet the primary barriers towards greater financial inclusion. Additionally, it is also important to recognize broader ecosystem barriers that must be overcome and reflected on in tandem. These pain points are important starting points that will enable the fintech sector to better serve women as users.

- *Technology adoption and access for women must be increased:* Ownership of mobile phones and access to network and sim cards are among the main reasons behind the wide gender gap in financial inclusion. Currently, only 26% of women in Pakistan have access to mobile accounts. However, looking at these numbers alone would oversimplify the problem.
- *Financial and digital literacy needs to be simultaneously addressed:* Even if changemakers in the country manage to create an environment where Pakistani women have better access to technology, financial literacy would still be a barrier.
- *Outside of financial services, there are several contributing barriers:* Factors such as bureaucratic red-tape and data and privacy protection must be addressed. Many women still do not have ID cards or other official documentation, which are necessary to open bank accounts, access loans/credits, and other financial services. Women require additional protections as their gendered online experience is associated with greater risks. For example, in some areas of Pakistan, women's numbers are sold or shared online without consent, which has led to harassment. Further, moving away from a cash-based economy to greater digitization and electronic payments will encourage more women to be financially included.

b. Greater representation of women across sectors can advance digital financial inclusion agendas

The gender divide in fintech is not only about users having inadequate access to financial services and technologies but is also reflected in women's underrepresentation across sectors related to financial services and inclusion.

- *More women need to be included on the decision-making level:* Opportunities for women professionals to engage with investors, serve on the boards of

startups, hold senior positions, or have the final say in business proceedings are still uncommon in Pakistan. Increasing representation at this level could potentially attract more women as either users, entrepreneurs, or professionals.

- *Women in MSMEs, micro-finance, and e-commerce should be included:* Since these are leading environments where Pakistani women are financially active, efforts should focus on making them stakeholders in discussions aimed at addressing the gender divide in the fintech space.
- *A focus on women entrepreneurs as an entry point:* Encouraging and supporting women entrepreneurs, even on micro levels such as those who operate on social media platforms, can offer greater opportunities to scale up and join the formal economy. Credit guarantees by the government, subsidies for women entrepreneurs and overall risk sharing are tools that can help this process.

c. The business case for gender inclusion

- *An investment for everyone:* Companies should recognize that interacting with and supporting gender inclusion is not just about moral soundness but is in fact a commercially viable and profitable investment given the lack of services for women in the addressable market.
- *Engagement is key for this mindset shift:* The mindset shift can occur when companies have greater engagement with women as financial users so they can better serve women. Financing assets and working capital for the underserved communities such as women in Pakistan is vital. Investors want to understand how women users can be accessed but this in turn relies on studying existing use cases.
- *Need to pave way for better precedents:* Key sectors such as banking and insurance can set an example by applying a gender lens: Women's financial activities as users are often masked by official registration of men as account holders. Banks should be able to tag these kinds of accounts in their operations and collect gender-disaggregated data. increasingly difficult to initiate their green transformation.

d. Key concerns and debates within fintech products

- *There are two primary approaches to improve women's inclusion within fintech:* The first is to tailor products and services to women, while the latter is to assume a "gender agnostic" stance in the digital world and mainstream women's needs in existing fintech.

- *Practices that enable financial app onboarding for women are of critical importance:* In terms of product and service innovations, product designers should also focus on simplifying their products so that a greater range of users can easily interact with and benefit from the technology.

IV. Moving Forward

The virtual event contributed to better understand the barriers and opportunities for women's inclusion in Pakistan's fintech start-up sector and advanced ways to embed a gender equity lens in the country's start-up community. The event called changemakers have to focus on what Pakistani users want, need, and expect instead of being supply-driven. From a commercial perspective, this means fintech companies should aim to better understand market opportunities when pushing for greater gender inclusion, which requires research to provide better insights into how women in Pakistan interact with the financial sector.

As a "commitment maker" under the UN Women Gender Equality Forum's Action Coalition on Technology and Innovation for Gender Equality , Globesight will continue advancing gender-equal access to digital & financial platforms through its Mobilize Millions campaign and will seek to support start-ups making that same push.

V. Appendix

a. Roundtable Participants List

Pakistan Fintech Network	UN Women
TEZ financials	Karandaaz
TAG	Nayapay
SafePay	Katalyst Labs
FINJA	Creditper/Creditfix
Abhi	Dastgyr
Hysab Kytap	Munsalik

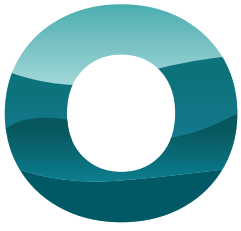
b. Organizers & Supporters

Globesight

Globesight is a leading global development firm and social enterprise working collaboratively with innovative partners to craft solutions to the world's most pressing social issues. Globesight develops strategies, investigates complex issues through relevant research, cultivates insights in data-scarce environments, and aims to reframe the conversation to challenge assumptions on advancing change. Its team of strategists, advocates, and experts work across sectors and issues helping organizations navigate complex social challenges, define their impact potential, and build innovative solutions that will both achieve their goals and drive ours forward.

Pakistan Fintech Network

Pakistan Fintech Network is Pakistan's only registered fintech association working to facilitate collaboration between stakeholders in the FinTech ecosystem to enhance scale, improve quality of services and achieve sustainability to promote the future of Pakistan's fintech industry. With an aim to CONNECT, COLLABORATE, CREATE and CATALYZE together for the development and growth of the industry, our network represents fintech startups, core fintechs, solution providers and other licensed entities (DFS, PSO/PSP, EMI, Banks etc.) to connect the entire financial ecosystem of Pakistan.



Globesight is a global development firm working collaboratively with innovative partners to craft solutions to the world's most pressing issues. With a hub in Dubai, Globesight has a growing presence across the Middle East, South Asia, and Africa.

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