

Introduction

Sex-disaggregated data is critical to closing gender gaps in financial inclusion and for all those with a stake in developing and expanding Women's Markets: FSPs, national and international development finance institutions (DFI/IFI), multilateral development banks (MDBs), gender-focused nonprofits and funders, regulators, and policymakers. Defining what is classified as a women's account or women-owned business is critical to track such data accurately and consistently.

In theory, defining terms such as woman account holder and woman-owned business can seem straightforward. In practice, however, definition-setting can give rise to many questions and require strategic decision making. For instance:

- If a joint account is owned by both a man and woman in the same household, is this considered a "women's account"?
- If a woman founded a business and runs it, but owns only a small share, is it considered a "woman-owned business"?

This In Brief tackles the practical decisions that financial institutions make when setting Women's Markets definitions, a critical first step in generating high-quality gender data and tailoring propositions for women customers.

Women's Markets Definitions



Summary of
established
definitions



Definition-setting:
A short primer



Applying definitions
to disaggregate
portfolios



Next steps for
definitions and
data

Summary of Established Definitions



Alliance members' Women's Markets definitions often align with or build on definitions set by development financial institutions such as the International Finance Corporation (IFC)—the private sector arm of the World Bank Group.

FSPs also might use definitions set at the national level. More governments are setting these national definition standards as they start requiring regulated FSPs to report their sex-disaggregated data—all part of their efforts to better measure and address gaps in financial inclusion.

Existing definitions for individual account holders

Most government and DFI/IFI partners do not have a specific definition of what constitutes an individual women account holder. Instead, data has typically been gathered on a product basis i.e. by loan.

Given the lack of established definitions for individual account holders, FSPs must set their own definitions for a women's account—which becomes more complicated for jointly-owned accounts. Setting guidelines for how to assign gender to joint accounts is covered in more detail in a later section.

Existing definitions for women's enterprises

Several institutions have established guidelines for how to define women micro and small-to-medium sized enterprises (WMSMEs).

For the funders behind initiatives to support women's businesses, clearly defining which businesses are eligible for such supports is essential to ensuring that they reach the intended beneficiaries.

More women's enterprise definitions are also emerging at the national level, as part of regulators' increasing interest in encouraging support to female entrepreneurs. For instance, in 2022, Bangladesh Bank rolled out a loan facility administered by all commercial banks in Bangladesh that offers preferential rates for WMSMEs.

Bangladesh Bank: Setting a national WMSME definition to address the financing gap

As part of the process of introducing new SME credit policies to encourage small business growth, Bangladesh's central bank established a standard WMSME definition to be used by financial services providers. WMSMEs were defined as firms privately owned by a woman or with women constituting at least a 51 percent share of the partnership. This provided the central bank with better aggregate WMSME data from FSPs. The bank used this data in its national financial inclusion strategy to develop policies aimed at increasing access to finance for WMSMEs, such as a \$178 million refinancing facility for women's businesses. Eligibility for this support is based on meeting the WMSME definition set by the central bank.



Supply-side WMSME definitions

“Supply-side” data refers to information generated by FSPs. Among FSPs and regulators, the most commonly used WMSME definition is the one developed by IFC. The Women Entrepreneurs Finance Initiative (We-Fi) provides WMSME definition guidance for countries that are rolling out the Women Entrepreneur’s Finance Code. The 2X Challenge has introduced a more extensive set of criteria with baseline/ minimum indicators for investing with a gender lens across asset classes, markets, and regions.

	Ownership	Management	Governance/ Workforce	Additional
International Finance Corporation (IFC) Definition	Greater than or equal to 51% female ownership OR...	...Greater than or equal to 20% female ownership AND... At least 1 woman as CEO/ COO/president/ vice president...	...AND at least 30% women on the board of directors, for companies that have boards	
WE Finance Code Definition Guidance	Option A: Women own a majority stake, greater than 50% Option B: Women fully own the business	Option A: Woman chief executive with signatory authority Option B: All-female executive team	Option A: Majority of women on the board, greater than 50% Option B: Woman chair and majority of women on board	
2X Criteria (Businesses must meet one or more of the following criteria)	Greater than or equal to 51% female ownership OR 50% or more women’s representation in founding team	Share of women in senior management* OR Share of women on the board or investment committees* <i>*Minimum requirements vary depending on the country and sector.</i>	Share of women in the workforce* AND One “quality” employment indicator beyond compliance <i>*Minimum requirements vary depending on the country and sector.</i>	Commitment to women in the supply chain AND one “quality” supply-chain indicator beyond compliance. Product(s) or service(s) that enhance the well-being of women/girls, or enhance gender equity.

Demand-side WMSME definitions

Demand-side surveys provide insights into attitudes and behaviors of women customers and are often used by FSPs in combination with portfolio data as they develop their Women’s Markets programs. Both demand- and supply-side data can help FSPs, policymakers, and other ecosystem stakeholders to understand gaps and opportunities within Women’s Markets. However, there are some definition and data-gathering discrepancies to note when reconciling supply and demand-side data.

For example, in many cases, supply-side WSME definitions seem more restrictive than those used by institutions conducting demand-side surveys. This can have implications for FSPs establishing targets based on demand-side data sets.

	Ownership	Management
World Bank Enterprise Survey	% of firms with female participation in ownership % of firms with majority female manager (top manager not defined)	% firms with female majority ownership (majority is not defined)
Global Entrepreneurship Monitor	by sex of entrepreneur	
OECD	share of sole proprietorships owned by women OR share of entrepreneurs who are employers, by sex	

Definition-Setting: A Short Primer



Before establishing consistent definitions, it is important to consider what to describe and measure. FSPs need to know who is legally responsible for an account; they also will want to gain an understanding of usage patterns. Similarly, DFIs/IFIs, MDBs, and regulators need to know who is being included in the financial system and whether that person is in control of their own financial assets. An accurate definition will specify ownership, control, and use or management, for both individuals and businesses.

What should individual and WMSME account-holder definitions cover?

	Individual	Business
Ownership	Legal responsibility/ownership	Fiduciary responsibility for the business (and account)
Control	Decision-making power over the account	Decision-making power for the business concern (and account)
Use or management	Originator of the account's financial transactions	Active oversight for business operations

Setting WMSME definitions

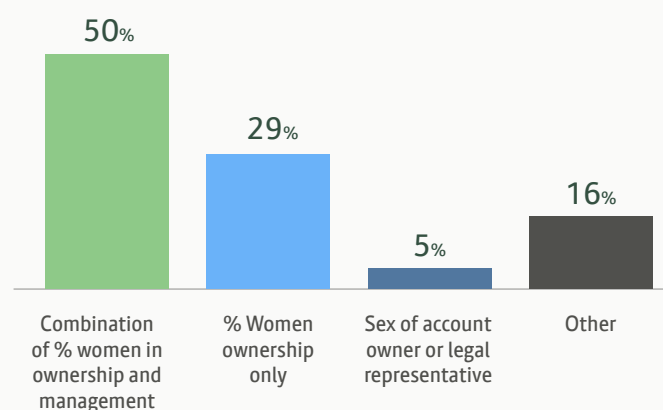
Alliance members' Women's Markets definitions often align with or build on definitions set by development financial institutions such as the International Finance Corporation (IFC).

Establishing the definitions criteria

Data from Alliance members shows that most define WMSMEs based on a combination of women's share of ownership and representation in management.

Some members define women businesses more broadly, for instance by including those with a high share of women employees or those that produce women-centered products, in line with the 2X criteria.

How members define WMSMEs, by criteria





Defining sub-segments of women-owned businesses: NatWest

Within its SME classification, NatWest Group further categorizes these businesses as either all-female-led or mixed-gender-led.

- All-female-led businesses: These include sole proprietorships in which the owner identifies as female, limited companies in which all directors identify as female, and partnerships in which all partners identify as female.
- Mixed-gender-led businesses: These include limited companies with any combination of female/male directors and partnerships with any combination of female/male partners.

For reporting purposes, NatWest only defines WMSMEs as all-female-led businesses, but it still targets mixed-gender-led businesses with products and services offered through its Women in Business program.

Ecobank
The Pan African Bank

Expanding Definitions to Include More Gender Components: Ecobank

As a leading regional bank in West and Central Africa, Ecobank launched its gender financing program, Ellevate, as a way to boost Africa's economic development and financial inclusion. Based on this strategy, Ellevate was designed to support women SMEs along with women consumers more broadly. Thus, Ecobank's WMSME definition included businesses that fit any combination of:

Entrepreneurship

50% or more ownership by women or founded by a woman

Leadership

20% or more share of women on board or in management

Employment

30% or more share of women in workforce

Consumption

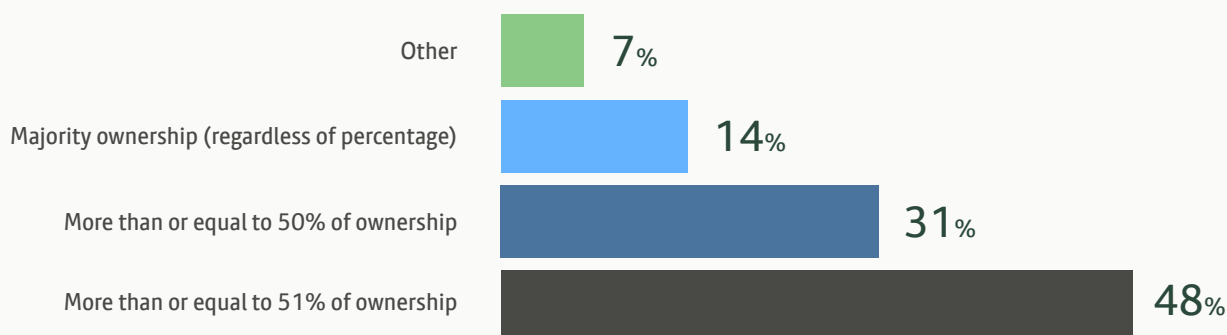
Companies manufacturing products for women



Establishing the ownership threshold

Another decision point for FSPs in defining WMSMEs is determining the minimum percentage of female ownership required for this classification. Most Alliance members set a threshold of at least 51 percent women's ownership.

How members define WMSMEs, by ownership thresholds



In making this determination, FSPs should be aware of the implications. For example, funders might use their own ownership threshold as part of their lending or investment reporting requirements. The threshold they set could be different from that of the FSP, so reconciling such differences will be important, particularly for FSPs that are accessing blended finance instruments to support ramp up of Women's Markets programs.

Adapting ownership thresholds to the local context: BLC Bank



When launching its We Initiative, the first Women's Markets program in Lebanon, BLC Bank adapted the IFC definition of a woman-owned enterprise to fit the local context. BLC understood that very few of the MSMEs it served would meet a threshold of 50 percent or more ownership by women, because most MSMEs in its portfolio were family-owned, with shareholding dispersed between both parents and children. To ensure that the We Initiative reached the women behind these family-owned businesses, BLC reduced the women's ownership threshold to 20 percent for any MSME with a woman as the legal representative.

Identifying WMSMEs within the bank's existing portfolio took about six months. The process involved reviewing all data on file and requesting additional information from MSME customers on shareholding structure and legal management, if the bank did not already have it on file.

Within just two years, the We Initiative began to generate significant returns. After three years, it represented more than 18 percent of the bank's profits.





Key considerations in defining WMSMEs

As FSPs set their WMSME definitions, they should be sure to account for their own unique market context and types of businesses they typically serve. Factors to consider include:

Relevance for informal MSMEs: Alliance members in countries with large numbers of informal MSMEs have reported challenges in verifying women's share of ownership because these informal businesses typically lack formal documentation, such as trade licenses. As a result, they might need to place greater reliance on information about control and management to define informal WMSMEs.

Relevance for high-growth SMEs: Imposing a definition based solely on women's ownership could have unintended consequences for startups and early-stage companies, especially given the gender gaps in venture capital financing and angel funding. The issue here is that women are underrepresented in the venture capital industry itself, meaning that if a women-led startup receives an infusion of venture capital from a male-dominated group, this could inadvertently reduce the percentage of ownership held by the women founders, rendering the business male- or mixed-gender-owned. Medium- or high-growth businesses could benefit from a more flexible definition that considers both ownership and control.

Relevance for microenterprises and very small SMEs: These businesses might be formally registered, but given their small size, they may not have a clearly defined management structure. However, they will have a decision maker who is responsible for the day-to-day running of the business.

Setting definitions for individual women's accounts

For individual accounts, most Alliance members use the primary account holder or the account signatory as a proxy for the person who owns and controls it, tagging it based on that person's sex. Many Alliance members use national ID numbers to identify and record the sex of account holders. This reduces the need for customers to report their gender in onboarding forms, or for FSPs to assign sex based on names, which can be unreliable.

Key considerations for defining individual women's accounts

Although identifying a woman customer may seem a straightforward exercise, it comes with some complexities. Among the issues for FSPs to consider:

Defining gender in joint or group accounts: Joint or group accounts can complicate ownership information, since it can be difficult to identify the primary account holder. To address this, the definition should include a protocol for assigning gender to joint accounts. This could differ from market to market, depending on cultural norms.

Validating true account ownership: In certain contexts, an account in the name of a woman might not be under her control. This can be a pervasive issue in cultures where women's access to financial services is discouraged by social norms, or in other contexts where women receive certain benefits such as lower interest rates.

Identifying MSMEs with retail accounts: Individual accounts are often used for business purposes—a behavior that is typical of women who have informal or unregistered smaller businesses. Identifying WMSMEs within the retail portfolio is a growth opportunity for FSPs.

Common definitions for women account holders

Female primary account holder

Female signatory of the account

Joint account with at least one female account holder



Identifying WMSMEs in the retail banking portfolio: Banco BHD

To develop a baseline for its Women's Markets program, Banco BHD in the Dominican Republic began by setting definitions for women-owned businesses. To disaggregate the retail portfolio, the bank used the sex of individual account holders, available through the national IDs required to open an account.

As they began to analyze account data with a gender lens, the bank found that the behavior of many women individual account holders looked more like the behavior of small businesses than individual consumers. However, because these accounts did not have dedicated relationship managers, it was difficult to determine whether the account activity they were seeing was, in fact, the result of business use.

To solve this problem, the bank developed an algorithm to identify retail banking accounts being used for business purposes, based on variables such as earnings, transactions, and loans with other institutions.

The analysis revealed that a large portion of the bank's women retail account holders were in fact sole proprietors. Further investigation showed that many of these were professionals, such as lawyers, dentists, accountants, who derived most of their income from their professions but also owned businesses.

The findings led BHD to target individual women professionals with its WMSME proposition.



Applying Definitions to Disaggregate Portfolios



With definitions established, FSPs can begin the process of sex-disaggregating their data.

Assign a gender tag

The next step taken by Alliance members has been to assign gender flags to individual customers, MSMEs, or accounts. Most have taken up the best practice of assigning gender flags to every customer in the core banking system, so that their gender is recorded across any product or account held: credit cards, savings accounts, joint account co-owner, member of a business team, among others.

For MSMEs with more than one owner, structures and processes must be set up to capture relevant gender data (shareholders, managers, board), based on the FSP's definition.

Classify new customers

Systems and processes must be in place to collect the data needed to classify new-to-bank customers. For retail customers, this means either automatically assigning a gender tag using their national ID or including a mandatory gender field in onboarding forms. For MSMEs, this will involve collecting relevant ownership and management data in account opening or loan application forms and systematically recording the data in internal systems—customer relationship management systems, loan origination systems, and/or core banking systems.

Regularly verify WMSME designations

Shareholding structures as well as the sex of the CEO can vary across time, so banks also need a systematic approach to updating these records. At a minimum, ownership and management data should be validated or updated whenever MSMEs apply for a new loan. Some Alliance members take more proactive approaches, such as calling customers once a year to validate WMSME-related information.

Checklist for initiating sex-disaggregated data collection using woman customer classifications

- ✓ Plan to collect data for:
 - Existing customers
 - New-to-bank customers
 - Loan renewals and new product uptake
- ✓ Identify resources, including staff needed, to integrate gender tags into the CRM or other core banking system
- ✓ Establish a reasonable and practical project timeline
- ✓ Update to customer onboarding processes facilitate gender data collection
- ✓ Set up automated processes to flag businesses as women-owned/led if data associated with their business account meets the WMSME definition criteria
- ✓ Ensure that data collection is acceptable to customers and compliant with data privacy laws



Disaggregating existing portfolios to build the Women's Markets strategy: Bank al Etihad

Jordan's Bank al Etihad has discovered that its women's business portfolio grew ten-fold in recent years, since introducing WMSME-oriented offerings. It's double the growth rate seen in its portfolio of men MSMEs.

How did they uncover this important insight?

They decided to start tagging women businesses, beginning with setting a definition: 50 percent or more ownership by women, or a minimum of 20 percent female ownership and at least one female decision maker.

Once the definition was set, the bank revised its Know Your Customer (KYC) forms to reflect the additional information needed. Next, the systems were updated to automatically flag MSMEs as either female-led or male-led, based on the definition criteria.

Legacy accounts posed an additional challenge. Because bank management wanted a comprehensive breakdown of their existing SME portfolio, they initiated an extensive project to sex-disaggregate this data. The project took some time and required overtime hours for staff, for which they were compensated.

The effort has proven highly worthwhile. The ability to track the strong growth of the bank's WMSME portfolio has contributed to the business case for expanding its focus on Women's Markets. For example, the data also revealed that women tend to focus more on savings than men—they represent 40 percent of the bank's total deposit volume, larger than their overall share of the bank's customer base. This evidence led the bank to launch a savings account specifically targeted to women.





Next Steps for Definitions & Data

There is a direct line that connects setting women customer definitions and supporting FSPs in tapping into Women's Markets potential. Data—robust, accurate, detailed data on women financial services customers—is this connecting thread.

This In Brief captures the broad brushstrokes of the woman customer definition-setting exercise that will enable robust gender data collection. But it is only a start in the effort to fully leverage data to drive strategy. The Alliance plans to delve deeper into definitions and data use, with a particular focus on WMSMEs.

Of interest to financial services providers

For FSPs, the Alliance is developing a detailed How-To Guide focused on capturing, analyzing, and using WMSME data to design tailored propositions for female entrepreneurs. This will feature additional definition-setting and deeper guidance on setting up the processes and systems to disaggregate legacy portfolios, measuring the baseline, and capturing and updating data. The guide also will highlight how WMSME data can be used to quantify the business case, identify products that perform well, uncover hidden revenue potential, and learn more about women entrepreneurs' needs and behaviors as customers.

This upcoming How-To Guide will integrate best practices from members being shared in our on-going Gender Data Task Force and in our highly rated on-line Gender Data Learning Series.

The Alliance is also in the process of developing use cases based on member experiences. These will explore how FSPs are using WMSME data to design tailored products and holistic propositions for female entrepreneurs that support their business growth.

Of interest to regulators and policymakers

Definition-setting is a critical aspect of the global push to address the WMSME financing gap. Efforts have been accelerated by the introduction of the Women Entrepreneurs Finance Code (or, WE Finance Code). More than 20 countries are in the process of launching Codes in their countries. The Alliance is supporting the national coalitions spearheading the Codes in their countries by convening the WE Finance Code Community of Champions, and by publishing a series of case studies on Code implementation that include policymakers' perspectives.

In addition, the Alliance is developing new data use cases on how regulators are using WMSME data to design effective policies for increasing the flow of financing to WMSMEs.

Women's Markets Definitions: Defining Women Account Holders and Women's Businesses

Final Observations

There is no single "right" way to set Women's Markets definitions. In undertaking this task, institutions must consider what they are trying to measure, who they will target, and how they will implement the definition. The definition might evolve over time, as the answers to these questions change. Even as the definition evolves, ensuring that the definition is applied consistently across the organization will be critically important.

Ultimately, the goal is for the definitions to yield data that is used to drive action—to measure the baseline, set targets, uncover new growth opportunities, design tailored products, and take other key steps to tap into the full value of the Female Economy.

To learn more about how to take the next step in your gender data journey, read the Alliance [InBrief: The Power of Women's Markets Data – A How-To Guide](#).

Women's Markets Definitions



Summary of
established
definitions



Definition-
setting:
A short primer



Applying definitions
to disaggregate
portfolios



Next steps for
definitions and
data

The Financial Alliance for Women would like to thank the following individuals for their work on this In Brief: Inez Murray, Tessa Ruben, Ann Moline, Carine Fersan, and Ernie Agtarap.

About the Financial Alliance for Women

We're the leading members' network of financial organizations dedicated to championing the female economy—the world's largest, fastest-growing market, and yet one that remains untapped. As a unique network with members from over 160 countries, we share the ambition of unlocking the full value of the female economy.

Everything we do is based on a win-win approach where financial organizations grow their businesses by accelerating women's financial power. From creating real and digital platforms where members can learn from each other's on-the-ground experiences, to publishing our own proprietary data and research, to advocating for global policy change, we inspire and equip our members to design and refine women-centered products, services and strategies that will bring about a new paradigm for women's financial experiences.

**FINANCIAL
ALLIANCE
FOR
WOMEN**