

FINTECH AND GENDER IN THE SOUTH MEDITERRANEAN REGION: HOW TO UNLEASH WOMEN'S INCLUSION POTENTIAL?

If fintech had a gender, it would definitely be male. The under-representation of women in the sector is a concern. What are the causes? How can we remove the constraints that hinder a better gender mix and a significant participation of women in fintech? What policies, what regulations should be put in place to reverse the trend? What international practices can be drawn on to facilitate the integration of women? After having set some milestones around this issue and these questions in a recent study on the southern Mediterranean region, the MED MSMEs Programme proposes to organize on November 22, 2022 a dialogue with stakeholders as part of its Tabadool initiative. The regional perspective of the approach will suggest assessing its complementarity with existing national initiatives with a view to defining an action plan.

The fintech revolution

Technology in finance is driving profound changes that are shaking up the structure of the financial sector, blurring its contours, facilitating access to financing and building new bridges for entrepreneurship. Blockchains and cryptocurrencies, mobile payment systems, crowdfunding, peer-to-peer lending are some of the major innovations introduced by fintech.

Its rapid development on a global scale can be appreciated in a few [digits](#). Over the past decade, more than \$200 billion has been invested by venture capital and private equity in fintech startups. In terms of market capitalization, fintech represents 38% of the banking sector.

The world's top 225 fintech unicorns employ more than 300,000 people, while an average of 40,000 job offers come from fintech every quarter.

The dynamism of the fintech industry and its strong potential for innovation lead to consider it as an **essential opportunity** to break with traditional models and thus improve financial inclusion.

In this vein, and as an example, the United Nations Development Program ([UNDP](#)) 2022-2025 strategy for the promotion of gender equality identifies three "enablers" for better gender parity: finance, digitalization and finance, areas where fintech fits.

Fintech and gender issues

However, the supposed causality between fintech and gender equality is not so obvious. It is now commonplace to observe that **fintech is not gender neutral**. Some go so far as to argue that fintech even runs the risk of missing its objective of inclusion when it reproduces the limits of conventional financial models.

From policy design to the use of fintech services to their role in the sector as professionals, women still face various stereotypes and barriers.

To illustrate this point with just the last aspect mentioned, the global figures are edifying: in 2021, within financial sector, women held 21% of board seats, 19% of corporate leadership roles and 5% of CEO positions. It is further established that the overall participation of women in fintech companies remains limited to traditional positions (human resources, marketing)¹. Moreover, in terms of financing women entrepreneurship, studies² highlight the difficulties encountered in the early stages of the project: while having to spend more time explaining their business idea, women raise less funds than men or mixed teams.

The case of the southern Mediterranean region

If one were to attempt a quick overview of fintech in the southern Mediterranean region, the following key points could be proposed:

¹ MED MSMEs Programme (2022), Discussion Paper: To which extent the gender dimension is mainstreamed in the FinTech industry in the South-Med countries? Lessons from Europe toward an inclusive industry, p. 9.

² *Ibid.*, p. 12.



- National Financial Inclusion Strategies (NFIS) exist in most countries, but the goal of financial inclusion is not accompanied by regulations and programs to strengthen women's place in the fintech industry as well as their access to financing.
- Within the framework of the NFIS and the initiatives implemented, women are most often targeted only as users of financial services or as beneficiaries of financing and support actions for entrepreneurship.
- Fintech associations are limited in number and activity. The advocacy role they are supposed to assume remains all the more marginal as they are not backed by large networks of women in fintech who would provide them with a better understanding of the problems and needs.
- A global and integrated vision aimed at strengthening the place of women in the fintech industry - as founders, collaborators, users - is lacking.

Thus, a new paradigm – which the region would benefit from constructing – would replace traditional and restrictive gender-sensitive approaches with **gender-transformative approaches**, as a necessary step towards the development of an inclusive fintech industry.

A global and integrated vision for an inclusive fintech

The challenge is therefore great, and meeting it requires the southern Mediterranean region to adopt a **global and integrated vision** that can be inspired by proven international practices in this area³.

In terms of achieving an inclusive fintech where women's place would be significant **at all stages of the sector's value chain**, how such a vision could be implemented in the field?

They are three main areas of focus:

STEM capacity building for women

Getting to the root of the problem of women's low participation in fintech involves investing in training and education, particularly in the fields of science, technology, engineering, mathematics (STEM) and financial literacy. These are areas where significant gender inequalities remain while they constitute the

core skills needed for women to break into the fintech industry. Breaking the stereotype considering STEM as a male orientation is therefore a key route to inclusive fintech.

Better integration of gender in laws, policies, and programmes

A second and no less essential axis is to build the capacity of policy makers and regulators to better integrate gender into laws, policies and programmes, in the design of which women must also take part. This upstream participation of women is the best way to counter gender bias and stimulate strong gender transformative approaches.

The decisive role of associations and advocacy

The third and final axis concerns fintech associations which play a key role in the development of an inclusive ecosystem. Women's advocacy - backed by networking and knowledge sharing - is central to making their voices heard not only as beneficiaries, but also and above all as actors in fintech, in line with the global and integrated vision that is urgently needed.

Useful resources

MED MSMEs Programme (2022), Discussion Paper: To which extent the gender dimension is mainstreamed in the FinTech industry in the South-Med countries? Lessons from Europe toward an inclusive industry, 30 p.

fintechmagazine.com/articles/women-make-up-nearly-a-third-of-fintech-top-100-leaders-list

thefintechtimes.com/championing-women-in-fintech-with-agor-pro-token-io-and-more/

<https://www2.deloitte.com/uk/en/pages/financial-services/articles/fintech-has-bigger-gender-problem-than-it-realises.html>

www.undp.org/fr/publications/la-strategie-pour-galite-between-men-and-women-2022-2025

www.womensworldbanking.org/

³ As inspiring practices, the above-mentioned Discussion Paper of the MED MSMEs Programme refers to the European experience.

