

# **STATUS OF WOMEN'S FINANCIAL INCLUSION IN SPAIN**

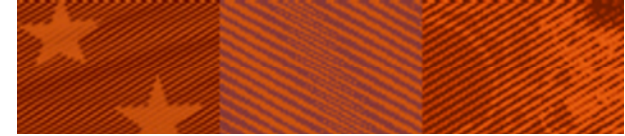
**Pablo Hernández de Cos**

Governor of the Banco de España

WOMEN'S FINANCIAL INCLUSION WORKSHOP

Council on Foreign Relations

12 April 2019

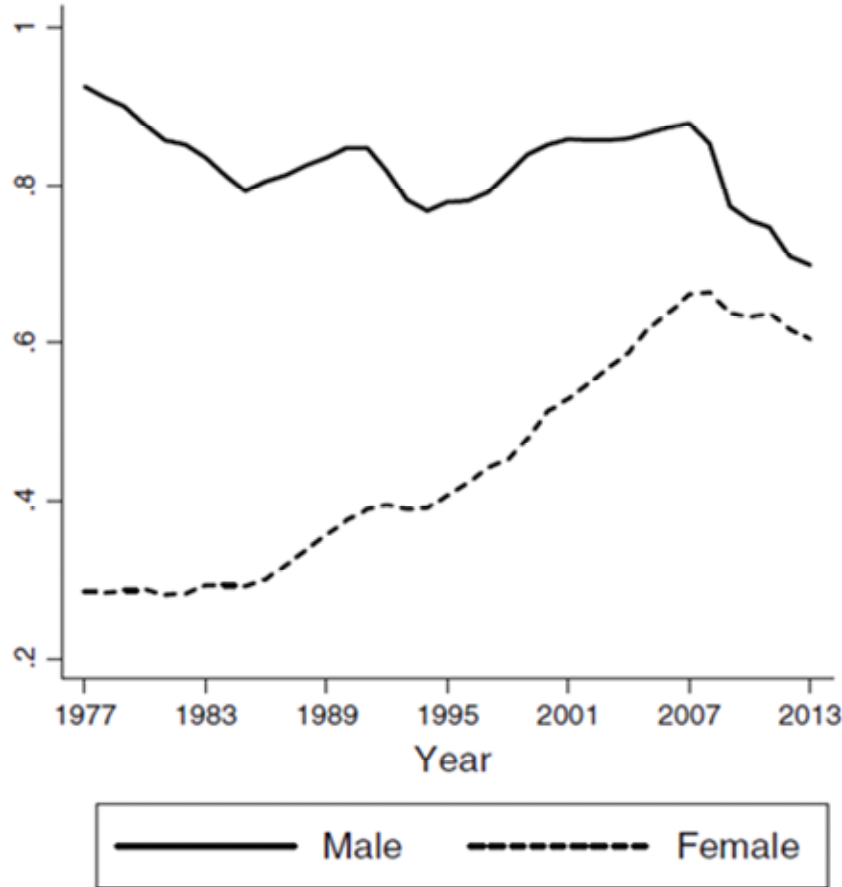


- 1. Status of women in the labor market in Spain relative to other advanced economies**
2. Women and Finance in Spain

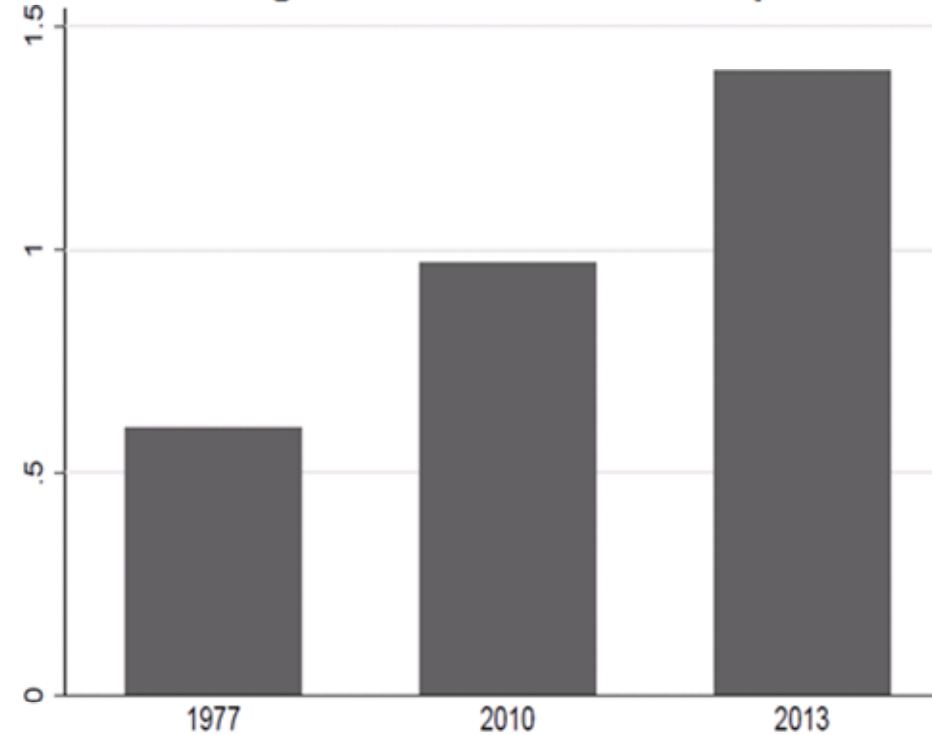
# THE EMPLOYMENT RATE OF WOMEN IN SPAIN HAS INCREASED SUBSTANTIALLY LINKED TO A REVERSAL OF THE COLLEGE GENDER GAP



### Employment rate



### College Attainment Gender Gap

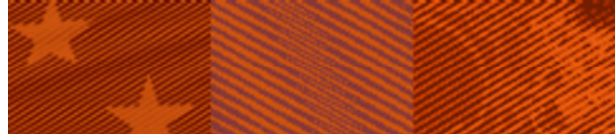


Notes: The college attainment gender gap is defined as the ratio of women to men with college education.  
Source: Encuesta de Población Activa (EPA), 1977-2013

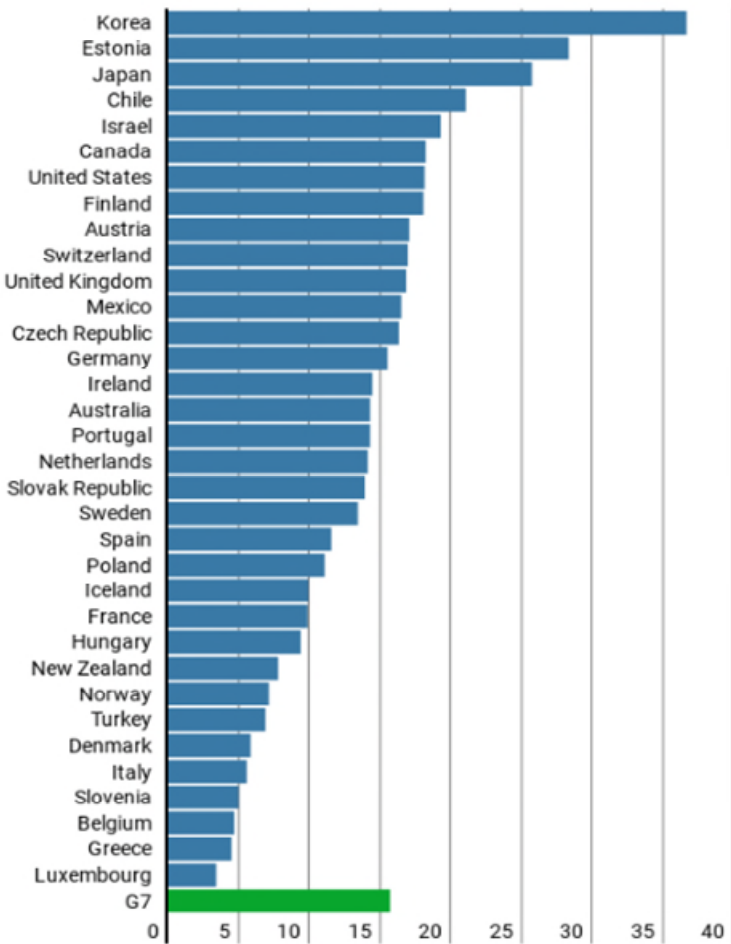
Notes: Employment rate defined as the ratio of employment to population.  
Source: Encuesta de Población Activa (EPA), 1977-2013

From Guner et al. (2014): "Gender gaps in Spain: policies and outcomes over the last three decades", SERIEs 5:61–103.

# THE GENDER WAGE GAP IN SPAIN IS SIMILAR TO OTHER COUNTRIES, PROBABLY ASSOCIATED TO PARENTHOOD



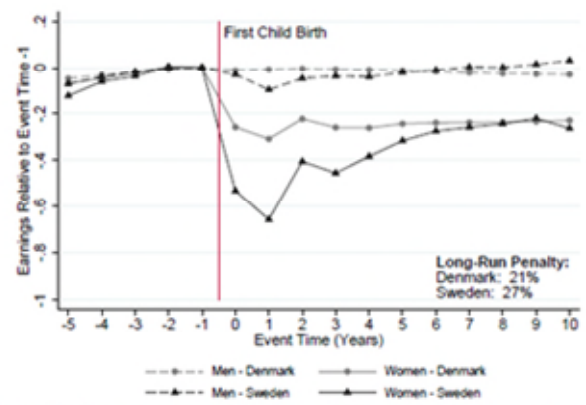
Gender Wage Gap, 2016 (%)



Sources: World Bank World Development Indicators (WDI), and OECD.  
 Note: 2016 or latest available data.

From IMF (2018): "Pursuing Women's Economic Empowerment".

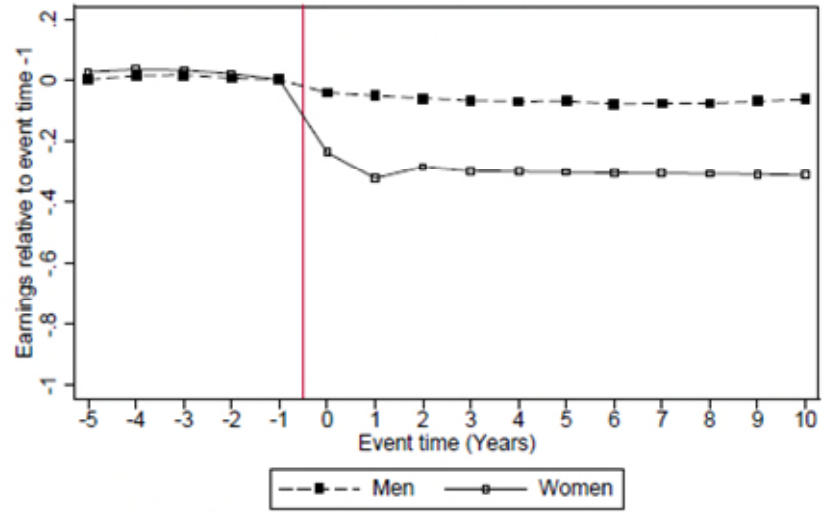
Figure 1: Child Penalties in Earnings in Scandinavian Countries



Notes: The figure shows percentage effects of parenthood on earnings across event time  $t$  for each gender  $g$ , i.e.  $P_t^g$  defined above. The figure also displays long-run child penalties, defined as the average penalty  $P_t^g$  from event time 5 to 10. Earnings are unconditional on employment status and the effects therefore include both the extensive and intensive margins.

From Kleven et al. (2019) "Child Penalties across Countries: Evidence and Explanations", NBER WP No. 25524.

Figure 2: Child Penalties in Earnings in Spain



Notes: own elaboration with data from the MCVL



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## FROM FINANCIAL INCLUSION TO FINANCIAL COMPETENCES: THE SPANISH SURVEY OF FINANCIAL COMPETENCES (ECF)



**Financial inclusion** (The World Bank Definition): individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

Banco de España (BdE) and the CNMV (National Securities Market Commission) carried out the **Survey of Financial Competences** (ECF) in 2016.

The survey measures knowledge and understanding of financial concepts by the Spanish population aged 18 to 79, and this age group's holding, acquisition and use of various savings, debt and insurance vehicles.

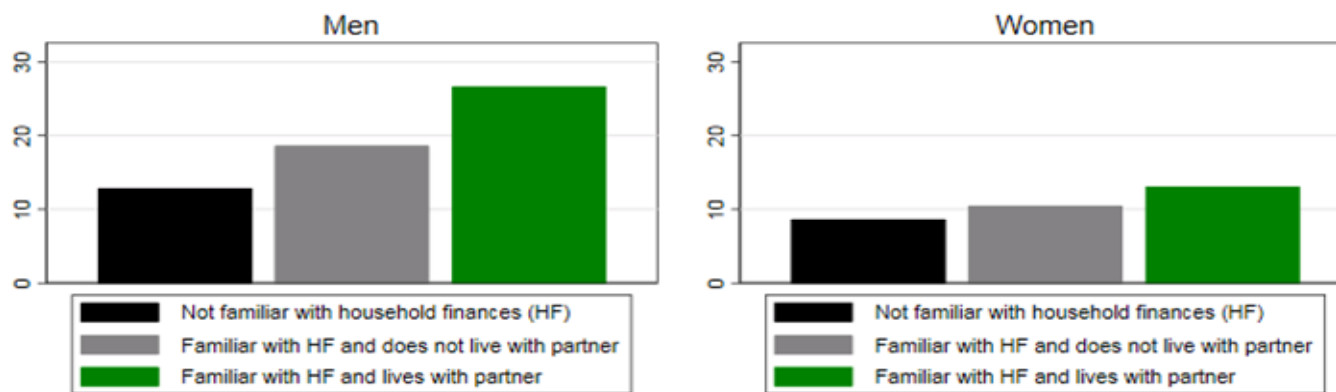
- Spain 2016: 96.8% of adult males and 97.4% of adult females have a bank account

# GENDER DIFFERENCES IN KNOWLEDGE AND UNDERSTANDING OF FINANCIAL CONCEPTS

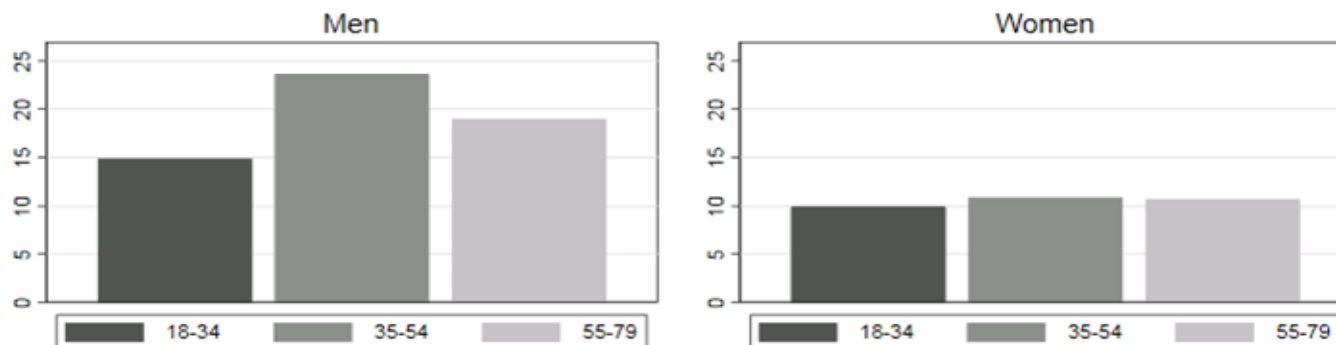


The gender gap in the **likelihood of responding correctly to three questions** related to inflation, compound interest and risk diversification is 16 pp in the US; 12 pp in Germany, and 11 pp in Spain

Percentage of correct replies to the three questions

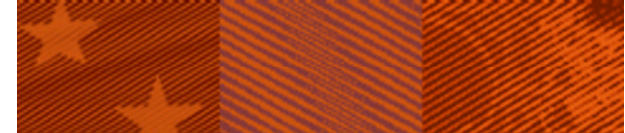


Familiar with household finances and does not live with partner by age





# LIMITED GENDER GAPS IN KNOWLEDGE, HOLDING, AND ACQUISITION OF FINANCIAL PRODUCTS



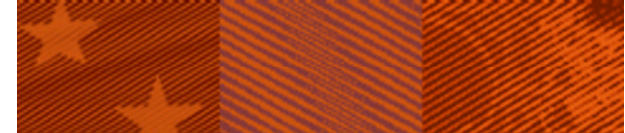
## KNOWLEDGE OF FINANCIAL PRODUCTS: have you heard of...?

Affirmative replies (% population) (a)	Savings vehicles					Insurance		Means of payment	Debt	
	Savings account	Pension scheme	Investment fund	Shares	Fixed income	Life insurance	Medical insurance	Credit card	Mortgage	Personal loan
<b>GENDER</b>										
Male	73	90	86	91	80	97	95	97	99	95
Female	74	89	83	88	76	97	94	97	98	95

(a) Instances in which the interviewee DK/NA are not excluded from calculations, but are considered as a non-affirmative reply to the question.



# LIMITED GENDER GAPS IN KNOWLEDGE, HOLDING, AND ACQUISITION OF FINANCIAL PRODUCTS



## HOLDING OF FINANCIAL PRODUCTS: do you individually or jointly have a...?

Affirmative replies (% population) (a)	Current account	Savings vehicles					Insurance		Means of payment	Debt			
		Any type of savings vehicle	Savings account	Pension scheme	Investment fund	Shares	Fixed income	Life insurance	Medical insurance	Credit card	Any type of mortgage or loan	Mortgage	Personal loan
<b>GENDER</b>													
Male	97	44	26	23	9	15	1	33	21	58	42	32	20
Female	97	42	26	19	8	11	1	27	21	54	40	32	16

(a) Instances in which the interviewee DK/NA are not excluded from calculations, but are considered as a non-affirmative reply to the question.

# LIMITED GENDER GAPS IN KNOWLEDGE, HOLDING, AND ACQUISITION OF FINANCIAL PRODUCTS

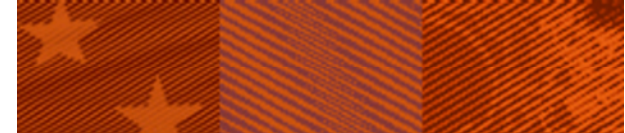


## ACQUISITION OF FINANCIAL PRODUCTS: Have you individually or jointly acquired a... in the past two years?

Affirmative replies (% population) (a)	Savings vehicles					Insurance			Means of payment	Debt			Memorandum item: have you acquired any of the foregoing financial products
	Any type of savings vehicle	Savings account	Pensions scheme	Investment fund	Shares	Fixed income	Life insurance	Medical insurance	Credit card	Any type of mortgage or loan	Mortgage	Personal loan	
<b>GENDER</b>													
Male	20	12	3	6	8	1	10	8	18	18	3	16	41
Female	17	11	3	4	5	1	8	7	15	15	4	12	36

(a) Instances in which the interviewee DK/NA are not excluded from calculations, but are considered as a non-affirmative reply to the question.

## GENDER DIFFERENCES IN EXPECTATIONS OF FUTURE HOUSE PRICES AND IN ASSET VALUATIONS



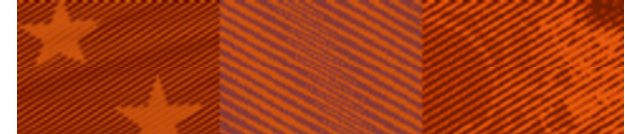
The Spanish Survey of Household Finances (EFF) collects data on **subjective probabilistic expectations** on house prices:

- Households are asked to distribute ten points among five different scenarios for the change in the price of their own homes over the next 12 months
- Bover (2015) shows that women are more optimistic about the evolution of house prices than men

She also examines potential differences in asset valuations by gender by considering **self-assessed values** of other assets:

- Women tend to provide higher estimates for the value of their home compared to men
- In contrast, women tend to provide lower estimates for the value of their financial assets compared to men

# WOMEN IN THE CREDIT MARKET: DEMAND AND SUPPLY



In line with the international evidence, De Andrés et al. (2019) find that in Spain:

- female entrepreneurs are less likely to ask for a credit when they start a business
- for those who asked, the probability to get the loan is significantly lower than their male peers in the industry
- this lower credit access vanishes for the following years

Alesina et al. (2013) use data on loan contracts between banks and microfirms in Italy, and find that women in Italy pay more for credit than men

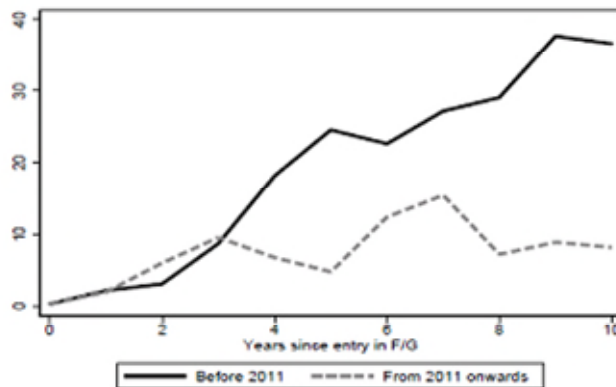
Montalvo and Reynal-Querol (2018) use information from a large Spanish financial institution, and find that:

- female loan officers produce loans that will carry a smaller default rate than men
- female officers follow more often the recommendation of the scoring model
- Why? Because the punishment for a mistake is worse for women than men



Hospido et al. (2019): examine gender differences in career progression and promotions with confidential anonymized personnel data from the ECB in 2003-17.

Figure 4: Gender gap in the probability of promotion from salary band F/G, % (before 2011 and from 2011 onwards)



Notes: Gender gap on the average annual probability of promotion (moving from salary band F/G to H or I) since entry in F/G before 2011 and from 2011 onwards.

- Using 2012-2017 data on applications and decisions, they show that the zero gap masks two opposite effects:
  - ✓ a lower probability of women to apply for promotion
  - ✓ a higher probability of being selected conditional on having applied
- Following promotion, women perform better in terms of salary progression.

Ongoing project with anonymized personnel records from the Banco de España.

# CONCLUSIONS



- Gender differences in financial literacy are present in Spain as in many other economies
- In Spain the gender gap varies depending on whether the individual is familiar or not with her own household finances, and, importantly, depending on the family structure
- On the contrary, there are no significant gender gaps in holding or acquisition of financial products
- Women are more optimistic about the evolution of house prices than men, and also tend to provide higher estimates for the value of their home and lower estimates for the value of their financial assets compared to men
- Female entrepreneurs in Spain are less likely to apply for a credit when they start a business, and - for those who applied - the probability of getting the loan is significantly lower than their male peers in the industry
- Female loan officers produce loans that will carry a smaller default rate than men, and follow more often the recommendation of the scoring model