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financial service usage, which is the data gap that this research gender, age and other household disaggregated data analysis on of financial services by men and women. Thus, there is a need for formal financial services, much less is known about the actual usage women in the Asian economies have somewhat equal access to Cambodia, Lao PDR, Myanmar and Viet Nam. According to Finscope data, less than 60 per cent of people in reaching low-income, rural and/or marginalised populations.

BACKGROUND

UNCDF is the UN’s Capital Development Fund. UNCDF’s Shaping Inclusive Finance Transformations programme aims to improve the level of financial inclusion in the ASEAN region by connecting the poorest and most vulnerable – especially women and small business- es owned, managed or predominantly serving women – to formal financial services in Cambodia, Laos, Lao PDR, Myanmar and Viet Nam.

Globally, there has been great progress on financial inclusion. In the ASEAN region, the gender finance access gap is very small. For example, in the ASEAN countries where a Map Financial Inclusion diagnostic has been conducted, there exists only a slight gender gap in Myanmar, no gender gap in Thailand and, in Laos and Cambodia, women are marginally better served. Both Findex and FinScope tell a similar story of a very small, if at all, gender gap in the region. Women’s financial inclusion is important in the ASEAN context. It is estimated that if women are able to achieve their full economic potential, they could add as much as US$1 trillion to the South East Asian economies by 2025, contributing an extra 8 per cent to the regional GDP. The reality, however, is that there exists a significant gender gap in the economy. In addition, women in South East Asian countries generally have lower levels of formal employment, labour participation ratios, literacy rates, and financial literacy.

Throughout the ASEAN region, formal financial services are not reaching low-income, rural and/or marginalised populations. According to Finscope data, less than 60 per cent of people in Cambodia (59 per cent), Laos (47 per cent), Myanmar (30 per cent) and Viet Nam (31 per cent) have a financial account. While men and women in the Asian economies have somewhat equal access to formal financial services, much less is known about the actual usage of financial services by men and women. Thus, there is a need for gender, age and other household disaggregated data analysis on financial service usage, which is the data gap that this research aimed to address.

Financial service providers capture significant amount of customer data through regular banking operations. This data can enable FSPs to better understand the behaviour of their clients, and could help inform product innovation or provide improved services. Customers, and especially women and low-income groups, can therefore receive products tailored to their needs, thereby promoting financial inclusion and contributing to the achievement of the Sustainable Development Goals (SDGs).

Pulse Lab Jakarta collaborated with UNCDF to analyse customer data from four FSPs in Cambodia in order to understand the factors affecting savings and loans mobilisation and how savings and loan data can explain economic issues.

ANALYSING CUSTOMER DATA JOURNEY TO EXPLORE FINANCIAL INCLUSION IN CAMBODIA

This project is part of the Customer Journey Action Research (CJAR) data analytics training and research programme utilised by UNCDF-SHIFT’s Data Hub to capacitate FSPs and regulators with technical and analytical support to track and manage their financial inclusion objectives. UNCDF provided training to four Cambodian FSPs in analysing and utilising customer data to help inform product innovation and financial inclusion policies. This included a data analytics training workshop for FSP staff from various departments and a knowledge management workshop with FSP management to discuss further action on data analytics findings. Over a six-month period, SHIFT trained and engaged 68 managers on how to analyse and use customer data journey. Pulse Lab Jakarta analysed customer savings and loan data provided by the four FSPs for the period 2010-2016. The project curated around 6.5 million savings and loan records for 2.6 million customers to help examine savings account dormancy and borrower exit, as well as improve financial service usage. With a total adult population of 9.9 million people, this data represents almost a quarter of Cambodia’s adult population.

During the first phase of analysis, the four datasets were analysed separately for comparative purposes and the data was disaggregated by gender. The data was analysed using various statistical methods, such as descriptive analysis, distribution analysis and simple survival analysis using hazards ratio. Analysis of the datasets included:

1. Customer retention for savings and loan (probability for men and women to stop saving <US$ 5 and borrowing).
2. Customer retention for savings (probability for men and women to stop saving <US$ 5 account & not taking a follow-up loan).
3. Customer retention for loan (probability for men and women to stop borrowing <US$ 5 account & not taking a follow-up loan).
4. Average loan and savings mobilised (US$) by gender, marital status, provinces.
5. Average loan and savings account dormancy by gender, marital status, provinces.
6. Average loan and savings account exit by gender, marital status, provinces.
7. Average loan and savings account lifecycle by gender, marital status, provinces.
8. Average loan and savings account lifecycle by gender, marital status, provinces.
9. Average loan and savings account lifecycle by gender, marital status, provinces.
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• Customer retention for savings (probability for men and women to stop saving <US$ 5 and borrowing).
• Customer retention for savings and loan (probability for men and women to stop saving and borrowing (<US$ 5 account & not taking follow-up loan).

Pulse Lab Jakarta is undertaking the second phase of analysis on the FSP datasets, which utilises a gendered financial inclusion and economic vulnerability lens by disaggregating data by gender, age and marital status, voluntary and compulsory deposits, and different types of savings and loan products. The Lab plans to develop a survival model to investigate risk-to-exit by incorporating socio-demographic variables (gender, age and marital status) together. The project will also be extended to other Cambodian FSPs.

INSIGHTS AND OUTCOMES

The first phase of data analysis revealed the following key findings:

• Despite having equal access to savings and credit services, women in Cambodia had US$ 658 lower savings balances and US$ 825 lower loan amounts on average compared to men.
• 70 per cent of the customers had low value or dormant deposit balances below US$ 5, and women more often had dormant accounts (75 per cent) compared to men (59 per cent). Savings mobilisation remains a challenge in Cambodia, particularly outside of Phnom Penh (30 per cent gap) and for older people (31-42 per cent gap between young people below 25 and older people above 55).
• The majority of borrowers (78 per cent) exit the FSPs within the first 3 years, which implies there is a limited long-term borrowing relationship. While women stay longer in the borrowing relationship for individual loans, they receive lower individual loan amounts compared to men.
• The typical depositor in Cambodia is a female (69 per cent of depositors), married (80 per cent), older than 25 years (92 per cent), who lives outside Phnom Penh (92 per cent) and has a savings account as opposed to a term deposit (97 per cent). Amongst borrowers, 82 per cent are female, 98 per cent live outside of Phnom Penh, 84 per cent are married and 95 per cent are older than 25 years. However especially, older male depositors and young male borrowers living in Phnom Penh had stronger customer journeys.
• The study estimates that reducing savings account dormancy and borrower exit by 10 per cent could add an additional 52-172 million US$ deposit portfolio (+10 to +33 per cent for 2015 portfolio levels) and 304 million US$ loan portfolio (+24 per cent) for the 4 FSPs as well as reduce operating expenses by US$ 54 Million.

CONCLUSIONS

The project showed the potential for using FSP customer journey data to understand gender dynamics related to savings and loan mobilisation. For FSPs, this provides valuable insights into how their customers are using products and services. It also informs efforts to improve customer retention, particularly for women, and later can give insights to increase access to formal financial services for low-income, rural and/or marginalised populations.

The project also highlighted the benefit of data partnerships. Access to this wealth of financial data, for instance, provided a valuable entry point for examining financial issues more broadly, such as understanding economic resilience and recovery.


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