



## By being more inclusive, financial circuits can make fiscal and monetary policies more effective



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### ABSTRACT

**We have noticed that extra financial criteria like environmental and social issues can make the difference in your valuation process. Next to climate change we see a huge impact of the social criteria like 'diversity and gender equality'.**

We are working in a changing world and as important investor we have to be informed about the new financial trends. We have noticed that extra financial criteria like environmental and social issues can make the difference in your valuation process. Next to climate change we see a huge impact of the social criteria like 'diversity and gender equality'. Companies that focus strongly on gender equality are rewarded on the stock exchange and companies which ignore social criteria are penalized.

Several reasons explain this recent trend. The war for talent. The unemployment is very low in the US and Europe and well educated and talented persons are strongly wanted on the job market. As you know that today more and more female students are graduated and that they are needed in a balanced team it is logical that the gender equality is becoming more important. The increasing economic impact of women by their purchase decisions makes it necessary that managers understand the behaviour of their clients. Specifically in the banking world we see that more women are needed. An increasing number of researches shows that women's increased access to and use of financial services can have both economic and social benefits. Women are under-represented at all



levels of the global financial system: from depositors to borrowers, bank board members and regulators.

According to an IMF study, better inclusion of women among users, providers and regulators of financial services has benefits beyond reducing gender inequalities. A smaller gender gap would be beneficial for the stability of the banking system and economic growth. It would also make it possible to establish more effective monetary and fiscal policies.

By being more inclusive, financial circuits can make fiscal and monetary policies more effective by broadening financial markets and the tax base. Such advantages explain why better access to financial services stimulates economic growth. Increasing the number of women using these services has the same advantages. Sustainable investing is becoming more and more important. It is long term investing through combining financial returns with social and environmental returns. Women are from nature more long term investors as they think more about the future. Next to that they are more risk averse which is a very positive personal property.

We expect that the social trend will continue and that gender equality will increase. More companies and financial institutions have to be convinced that gender equality improves the risk return profile of a company. It is the role of the leaders in each sector to increase this awareness together with the academic world!