



**Asia-Pacific  
Economic Cooperation**

# **Empowering women through trade: Small businesses and digitization**

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APEC SERVICES COMPETITIVENESS ROADMAP  
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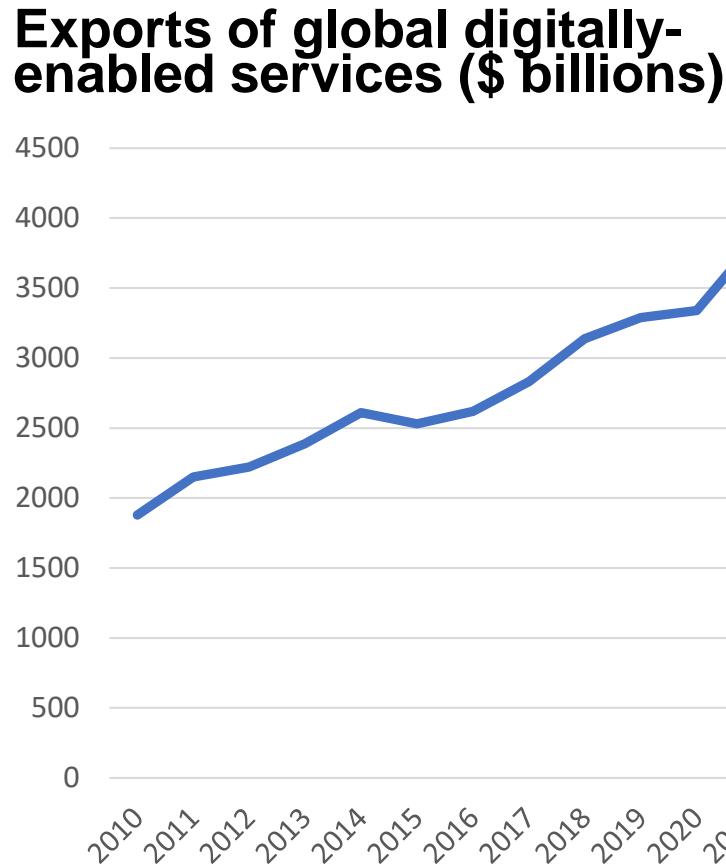
Inclusive Growth – Gender and Trade in Services  
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# The rise of cross-border digital trade



- Trade in digitally-enabled services has grown significantly over the past decade.
- Exports of digitally-enabled services have more than doubled since 2010 and continue an upward trajectory.
- Digital platforms and tools, including digital payments, enable providers to expand their customer base beyond their national borders and provides customers with a greater variety.
- This dynamic represents a significant opportunity for small businesses.

Source: UNCTAD



# Barriers to digital trade flows are increasing

- Barriers to cross-border data flows are increasing.
  - Global Trade Alert's [Digital Policy Alert](#) identified over 250 policy or regulatory changes affecting the digital economy in just ten weeks in Fall 2022.
  - The Information Technology & Innovation Foundation (ITIF) show that [data localization measures have more than doubled in four years](#). As of 2021, 62 economies had imposed 144 restrictions, with many more under consideration.
  - Such measures have demonstrably negative economic impact. The World Bank, in its [2020 World Development Report](#) estimated that reducing data restrictions on trade in services would enhance productivity by about 5 percent.
  - [ITIF research](#) finds that a 1 point increase in data restrictiveness cuts trade by 7 percent, reduces productivity by nearly 3 percent and increases prices by 1.5 percent over 5 years.
  - This is serious for economies. And also a significant problem for small businesses, cutting off the potential for scale. A [recent WEF report \(2023\)](#) identifies overlapping regulations and lack of transparency in regulations on cross-border data flows as major challenges for SMEs.

# Why is this a gender issue?



**70%**

of new value created over the next decade will be based on productivity gains from digital technology adoption

Source: WEF (2021)

But a digital divide persists:

## Internet access

Women remain less than 7 percent less likely to own a mobile phone and are 16 percent less likely to use the mobile internet  
---- (GSMA 2022)

## Digital skills

"Women and girls are 25 percent less likely than men to know how to leverage digital technology for basic purposes..."  
---- (UNESCO/EQUALS 2019)

## Financial inclusion

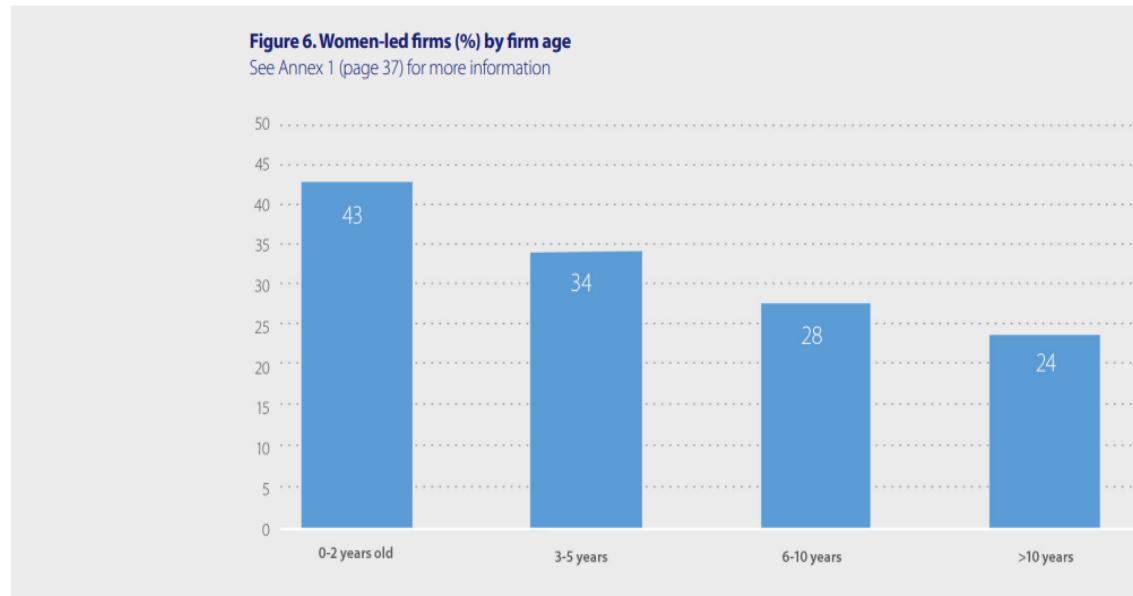
Men make and receive digital payments at rates that are 7 and 6 percent higher than women  
---- (WB Findex 2022)



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# We are seeing some green shoots of hope in the area of international trade

Recent [VEEI research](#) (2022) notes the larger number of women-led startups that emerged during the pandemic



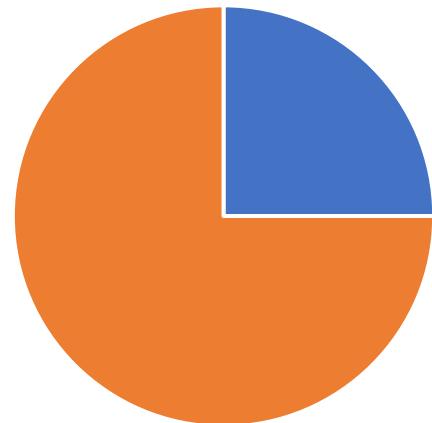
Source: Kotschwar. 2022. [Digital, diverse, and going global: a new dawn for women-led firms](#).

More than 40 percent of firms born in the last two years are run by a woman. This compares to less than 25 percent for firms that are ten+ years old.

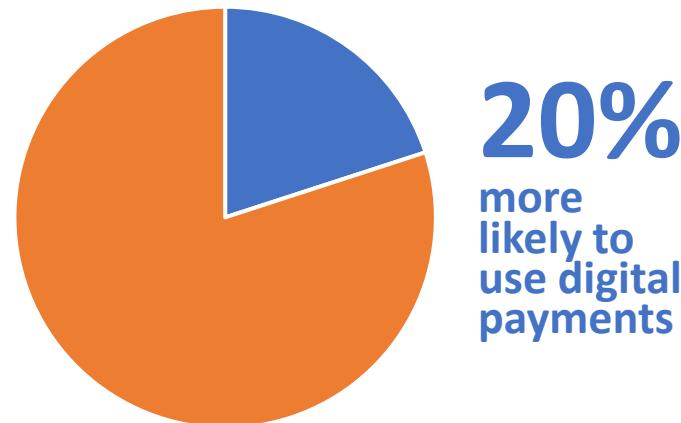
These young firms tend to elevate women more; nearly 40 percent of those with female CEOs also have majority female management teams.

# Digitization and trade are key to success for women-led firms

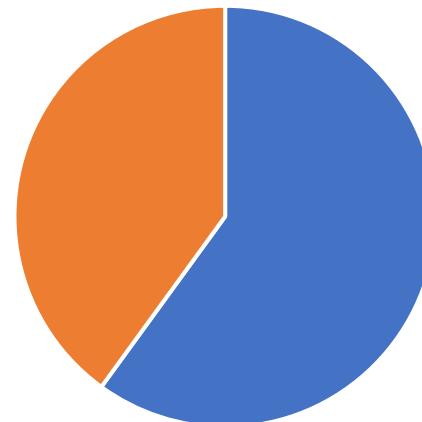
Women-led small businesses in our sample that grew by 5 percent or more during the last 2 years have 3 things in common:



**25%**  
more likely to use digital platforms



**20%**  
more likely to use digital payments



**60%**  
more likely to export



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# Why should services negotiators care about the digital gender gap and small businesses?

- Research by the Boston Consulting Group (BCG) shows that if women and men participated equally as entrepreneurs, global GDP could rise by approximately 3% to 6%, boosting the global economy by \$2.5 to \$5 trillion.
- Recent IMF research shows that increasing digital financial inclusion in payments can boost annual economic growth by up to 2.2 percentage points (Khera et al., 2021).

# In their own words: enhancing digital access leads to trade and greater prosperity

Visa  
Economic  
Empowerment  
Institute

Unlocking Growth  
through Trade

From access to opportunity:  
Digital skills drive women's  
economic empowerment

TODD FOX AND BARBARA KOTZWAPP / MARCH 2023

Over the past decade more women around the world have gained access to a financial account—helping to narrow the financial access gender gap. But access is not enough. In this paper we set out a roadmap to move beyond access towards economic empowerment.

Looking through the lens of a group of female entrepreneurs in Bangladesh, we focus on the importance of digital skills as a vehicle for women's financial inclusion. This group learned to use digital tools to weather the COVID-19 crisis. But the impact was far greater. These tools opened opportunities to export into new markets, allowing them to thrive, not just survive.

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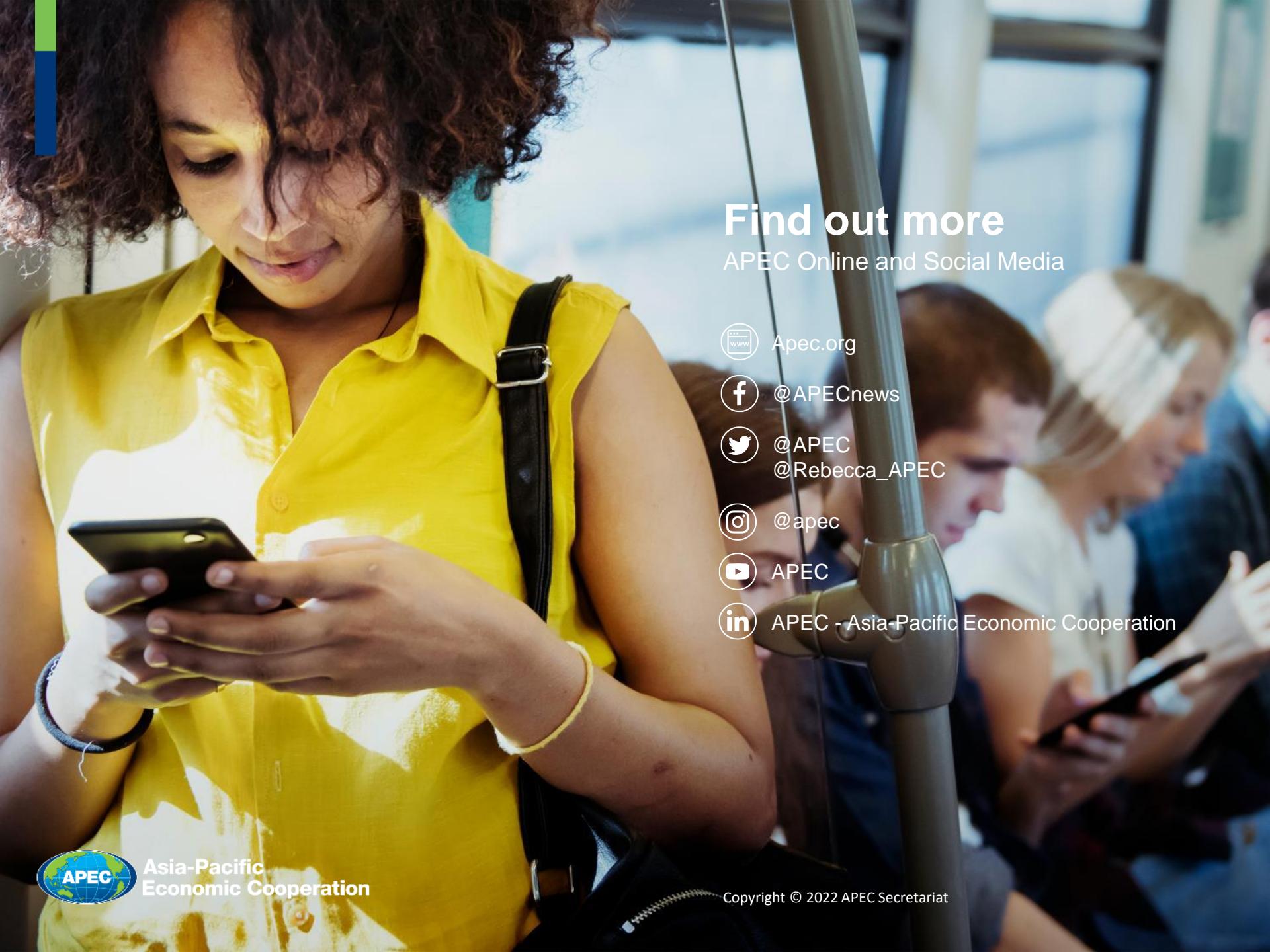
**VISA**



- <https://www.youtube.com/watch?v=W0YjYPQLSBo>

# What should services negotiators do?

- Create a more open environment for digital trade. Policies that restrict digital trade also restrict the potential of small women-led firms who, our surveys find, are gaining ground by going global.
  - Avoid restricting cross-border data flows
  - Consider a mechanism for [economic cooperation](#)
- Focus on programs and policies that enhance digital skills for women.
  - Visa has partnered with USAID and the e-Trade Alliance to produce a [Roadmap for empowering women-led firms in ecommerce and the digital economy](#) that sets out ideas and best practices for empowering women entrepreneurs in a digital economy.
- Encourage a holistic mix of policies to support women and provide safe spaces to start and build their business ventures.
  - Ensure gender-neutral access to infrastructure and technologies
  - Foster digital skills development for girls
  - Ensure that the ecosystem is based on trust and security



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