

# THE FUTURE IS FEMALE, AND DIGITAL (IN THAT ORDER).

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Caribbean Economist Marla Dukharan is a point of reference for monitoring regional developments and country-level economic performance, and is known for leading discussions and publishing reports on the Caribbean implications of global geopolitical developments. She is a highly sought-after speaker for key industry, multilateral, and academic conferences on a regional and international scale, and she regularly advises investors and private sector Boards of Directors in the Caribbean. Because of her deep commitment to making a difference, Marla has become a leading voice in the call to reduce gender and income inequality, promote new models for growth and to attract foreign investment, and to introduce fiscal responsibility frameworks.

## THE CARIBBEAN CHALLENGE

When I look around the Caribbean, I am always struck by the dichotomy of the boundless potential of our people and our natural resources, versus the heartbreaking, almost universal underperformance of our economies (some more obvious than others).

We are blessed with some of the world's most fertile and breathtaking natural environments. On a per capita basis, we are amongst the world's most talented and successful people in many fields, not limited to literature and sport.

But we are also the slowest growing region in the world, the most heavily indebted region in the world, the most violent and murderous region in the world, and the most vulnerable to climate change and natural disasters. So, it is no wonder that, on a per capita basis, the Caribbean has the highest level of net outward migration in the world.

If we don't solve our problems quickly and sustainably therefore, at some point, there won't be anyone left.

But if we do manage to sustainably solve the most fundamental socio-economic challenges facing us today in the Caribbean, given the increasingly digital and interconnected nature of the global economy, we could become the region with the highest net brain gain and net inward migration on a per capita basis, as indeed we once were. If you think about it, the whole world is already in the Caribbean. We are a microcosm of the wider world. And there is a way.

## THE GIG ECONOMY

The gig economy, defined as "an environment in which temporary positions are common and organizations contract with independent workers for short-term engagements" is

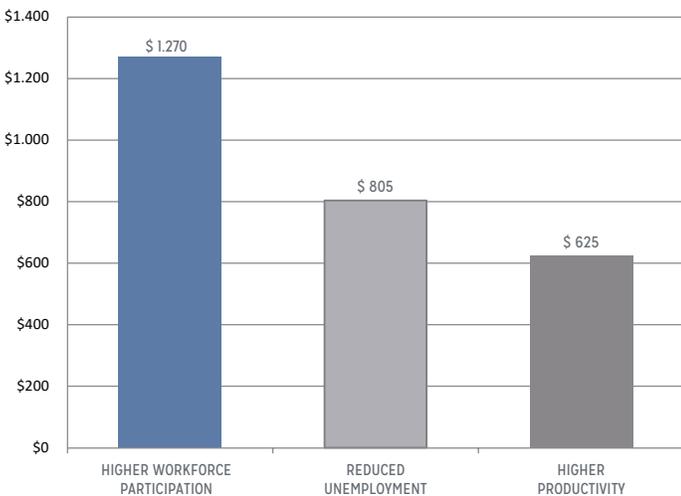
seen as part of a shifting cultural and business environment that also includes the sharing economy, the gift economy and the barter economy.

According to **Forbes Magazine**, more than one-third of **the US workforce**, or 55 million persons, are currently working as freelancers - the highest number on record - while 85% of US companies say they'll transition to a more "agile workforce" in the next few years.

According to a **World Bank study**, sharing economy platforms are expected to generate USD335 billion in revenue by 2025. McKinsey suggests that by 2025, online talent platforms could raise global GDP by up to USD2.7 trillion and increase employment by 72 million full-time-equivalent positions. Indeed, by 2020, online platforms are expected to make up 10% of China's total GDP.

### Potential Increase to Global GDP from Online Talent Platforms

USD Billions



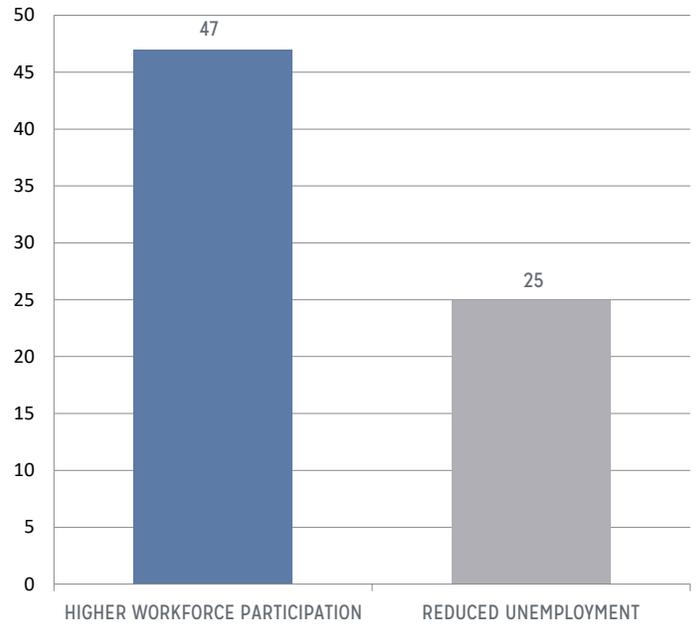
Source: McKinsey Global, Marla Dukharan

Why is this important in a Caribbean context? Well, think brain drain, remittances, the skills gap, ageing populations, falling foreign reserves, and long-term economic malaise. The digital economy is growing faster than the traditional economy and represents an avenue for the Caribbean to achieve sustainable growth & job creation.

The gig economy allows Caribbean nationals access to

### Potential for Job Creation of Online Talent Platforms

USD Billions



Source: McKinsey Global, Marla Dukharan

international opportunities, and potentially, a slice of that USD335 billion pie, without needing to leave our shores. Concurrently, there is an opportunity for the Caribbean to attract migrants who also operate in this space, to live and work in the Caribbean. The key to convincing our people to stay, stemming brain drain and declining and ageing populations and economies therefore, is no longer as much about creating opportunities domestically, as it is about creating the right kind of environment.

We already have a natural environment and culture that people around the world value. So, in order to become the place to be for those in the gig economy, we need to provide an enabling environment - particularly, ensuring security, connectivity, and financial inclusion.

## DIGITAL FINANCIAL INCLUSION

Without financial inclusion, and more so online / mobile banking, the gig economy is virtually inaccessible. As a region however, we are becoming increasingly financially ex-

cluded, because of what foreign banks call de-risking, but which to me more closely resembles investment portfolio rebalancing. This not only precludes our ability to capitalize on the opportunities presented by the gig economy as outlined earlier, but financial exclusion is a key pillar of persistent poverty, already estimated at 40% in the Caribbean.

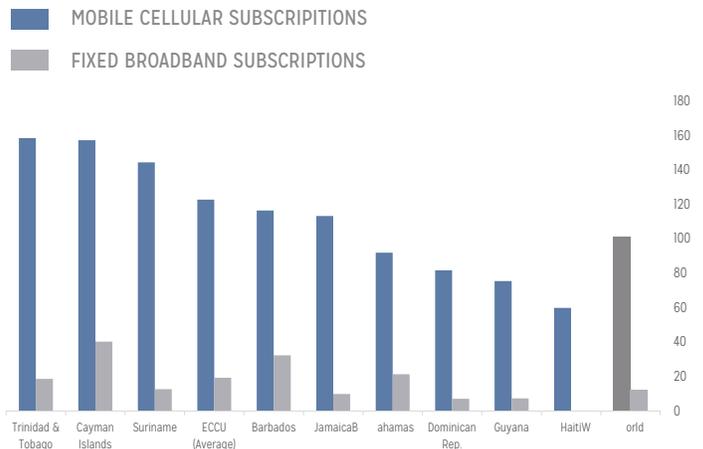
According to the World Bank, around 2 billion people (40% of the world's adults, 50% of the world's poorest) are unbanked, and a whopping 85% of world's financial transactions are conducted in cash! Financial inclusion is so important to poverty reduction that the World Bank has set a goal of achieving Universal Financial Inclusion by 2020 - a full decade before the Sustainable Development Goals' (SDGs) deadline - because even though it isn't an SDG on its own, universal financial inclusion is a critical enabler for 8 of the 17 SDGs, related to reducing poverty, income inequality and gender inequality, ultimately boosting sustainable development.

Remittances, which are a lifeline for the world's poorest, are projected to reach USD500 billion worldwide this year, but roughly 10-15% of which, or USD50-75 billion, will be lost to money transfer fees. Think about the difference that USD50-75 billion could make to the world's poorest, and those in the Caribbean so heavily dependent on this flow of revenue. Financial inclusion varies widely across the Caribbean, but tends to be below the global average, which supports the persistence of poverty, and reduces access to the online / gig economy.

But there is hope - some 1.6 billion of the 2 billion unbanked globally, have access to a mobile phone, creating the potential for mobile banking access. According to the World Bank, in 2016, more than 40% of the world's population had access to the internet, with new users coming online every day. Among the poorest 20% of households, nearly 7 out of 10 have a mobile phone, such that these households are more likely to have access to mobile phones than to toilets or clean water!

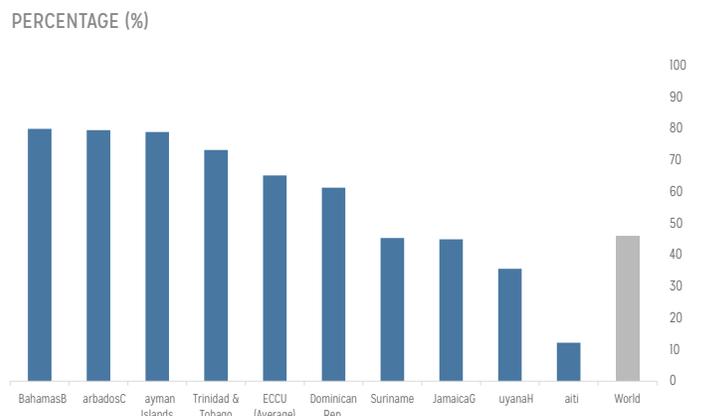
In the Caribbean, conditions are ripe for leapfrogging to achieve universal financial inclusion digitally, and access to the online / gig economy, with mobile penetration rates higher than the global average, at 112 per 100 population, versus a global average of 101. More than half of all Caribbean countries have mobile subscription rates over 100, per 100 population, and 58% of individuals in the Caribbean use the internet, versus 46% worldwide.

## CELLULAR AND FIXED BROADBAND NUMBER OF SUBSCRIPTIONS PER 100 INHABITANTS



Source: World Telecommunication/ICT Indicators Database), Marla Dukharan

## PERCENTAGE OF INDIVIDUALS USING THE INTERNET: CARIBBEAN



Source: World Telecommunication/ICT Indicators Database), Marla Dukharan

The famed M-PESA in Kenya has lifted as many as 194,000 households - 2% of the population - out of poverty, and cut the cost of remittances by 90%. M-PESA has been especially effective in improving the economic lives of poor women and of members of female-headed households. And this is of particular importance, because as Christine Lagarde said, poverty is sexist, and guess what, so is financial exclusion. Over one billion women worldwide and 52% of women in the Caribbean and Latin America are unbanked, underpinning gender inequality, which costs 10%-37% of GDP worldwide.

## WOMEN AND WORK

McKinsey Global Institute found that if women were to participate in the economy “identically to men”, by 2025 we could add as much as USD28 trillion or 26% to annual global GDP (roughly the combined size of the current US and Chinese economies). Could you imagine the implications of expanding our economy by 26%?

Barbados is the highest ranking Caribbean country on the World Economic Forum’s 2017 Global Gender Gap Index, at 23rd out of 144 countries, followed by Cuba at 25th, the Bahamas at 27th, and Jamaica at 51st. In ALL of these countries, the gender gap in “Educational Attainment” has been closed, but women still lag behind men somewhat in “Health and Survival”, and significantly in “Economic Participation and Opportunity” and “Political Empowerment”.

Although many reasons have been suggested to explain women’s lower participation in the labour force, lower wages, and smaller numbers in higher positions, when one considers that, as reported by the United Nations in February 2018, women do 2.6 times more unpaid care and domestic work than men do, we understand more clearly the constraints women face.

According to the OECD, the use of digital platforms provides women with greater access to markets, knowledge and more flexible working arrangements, which can result in higher female employment rates on online platforms than in traditional industries. For example, in the US, the proportion of female drivers is higher for Uber (14%) than for traditional taxis (8%). But globally:

- 250 million fewer women than men are online, as the Global Internet user gender gap expanded from 11% in 2013 to 12% in 2016;
- Women are much less likely than men in the same age group and at similar education and income levels to use the Internet;
- Women are 14% less likely than men to own a mobile telephone;
- Women are 30-50% less likely than men to use the Internet for economic and political empowerment;

- When they own mobile telephones, women are less likely than men to utilize mobile data, social media applications or SMS services; and

- According to the [World Bank’s Global Findex Report](#), women face many more barriers than men with respect to access to financial services, leading to lower financial inclusion and higher rates of poverty.

So, there is tremendous work to be done to achieve universal financial inclusion digitally, and then via access to the digital economy, achieve gender parity with respect to economic participation and wages. But for the first time, it seems we have a chance. But for the first time, it seems we have a chance.

The digital economy presents untold opportunities for the Caribbean in terms of achieving gender equality, job creation, growth, socio-economic development, sustainability, and resilience. But these opportunities also exist equally for everyone inhabiting this planet, and unless we make a deliberate choice to harness the potential of this sector, we run the risk of being left behind. Already, the Eastern Caribbean plans to create and test a digital version of its currency, Montserrat plans to create a digital financial ecosystem on the island, the Cayman Islands and Jamaica are shifting towards an E-Government platform with the assistance of Estonia, and Barbados’ new Government has articulated a host of reforms aimed at embracing the digital economy. What about the rest of us?

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