# Gender and Monetary Policymaking: Trends, Drivers and Effects

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# Motivation

- Increasing representation of women in central banks
- Effects of board composition of monetary policy decision-making and performances: heterogeneity and diversity
- Women representation in corporate boards

## Contribution

- New index of gender representation in central bank boards for a large sample of countries
- Investigation of the potential drivers of an increased presence of women in central banks
- Implications for the conduct of monetary policy

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# Relation to literature

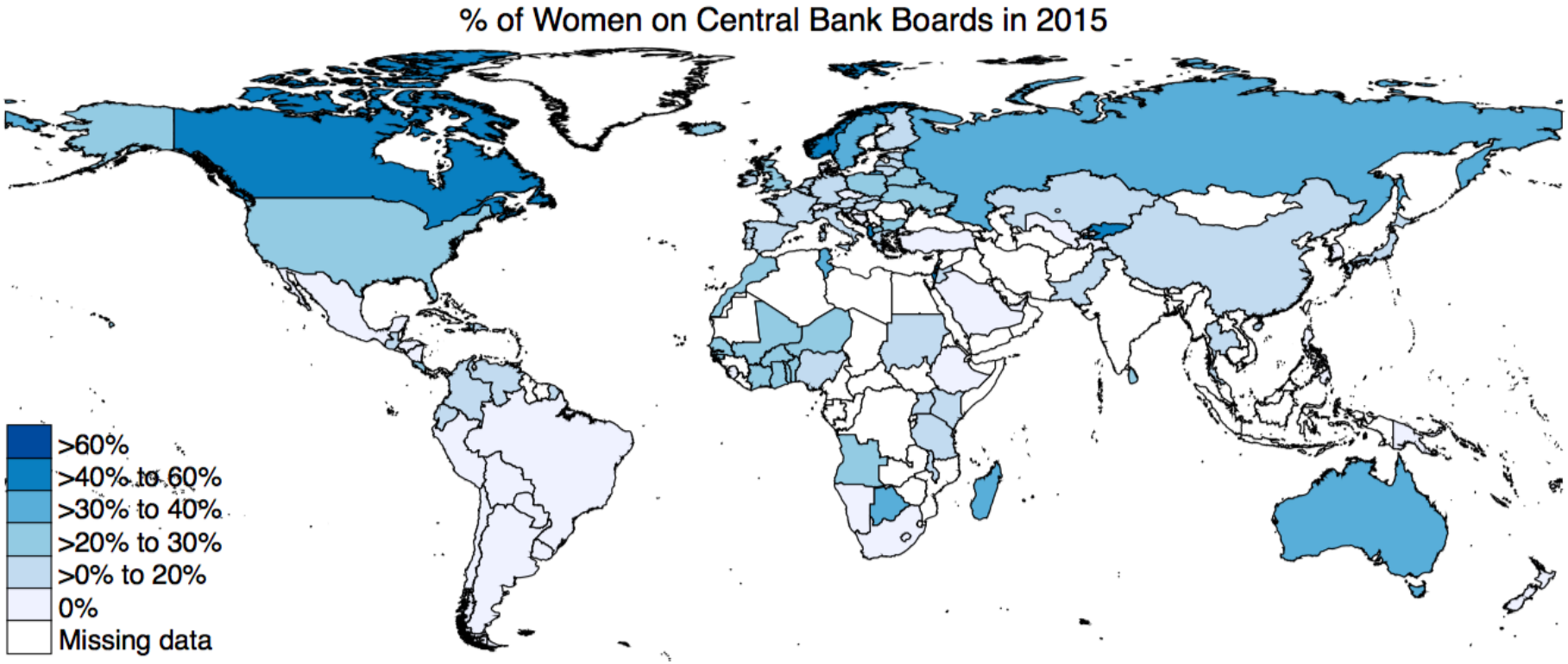
**Monetary Policy Committees and decision-making:**

- More efficient decisions via heterogeneity and diversity (Blinder, 2007)
- Heterogeneity can trigger regularities (Eijffinger et al., 2015; Gohlmann and Vaubel, 2007)
- No effects on voting behavior of internal vs external members (Besley et.al, 2008; Harris et al., 2011)
- Dovish vs hawkish attitude of female members (Chappel and McGregor, 2000; Farvaque et al., 2010)
- Dissenting behaviour of female members (Benanni et al., 2014; Lahner, 2015)

# Gender in Monetary Policymaking: GMP Index

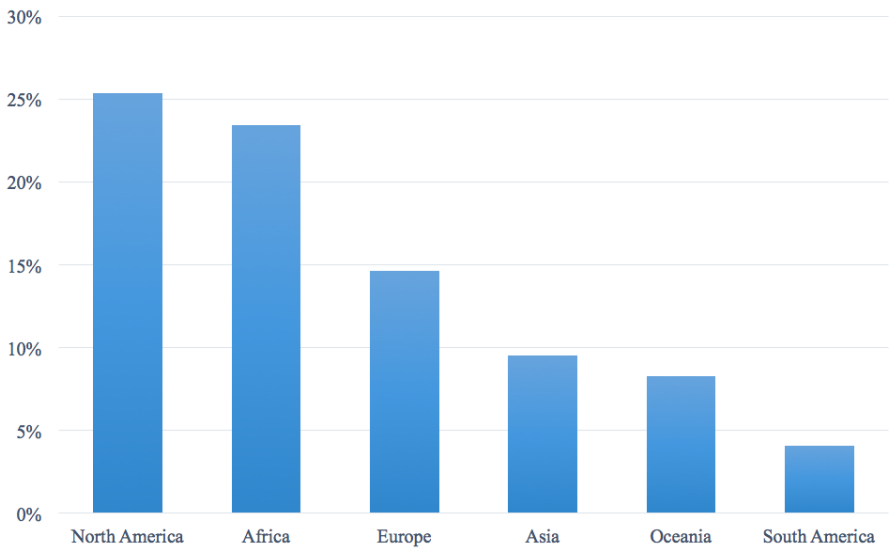
The GMP Index: measures the share of women in MP committees:

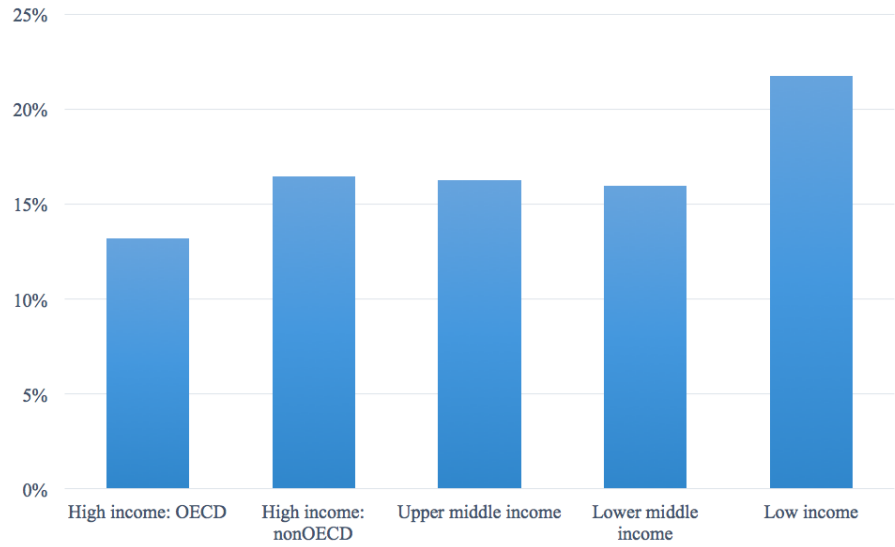
- 112 countries as of 2015
- Restricted sample of 30 countries: evolution over 2002-2015
- Sources: Central Bank Directories 2002-2015, Central Bank websites



# Descriptive Statistics

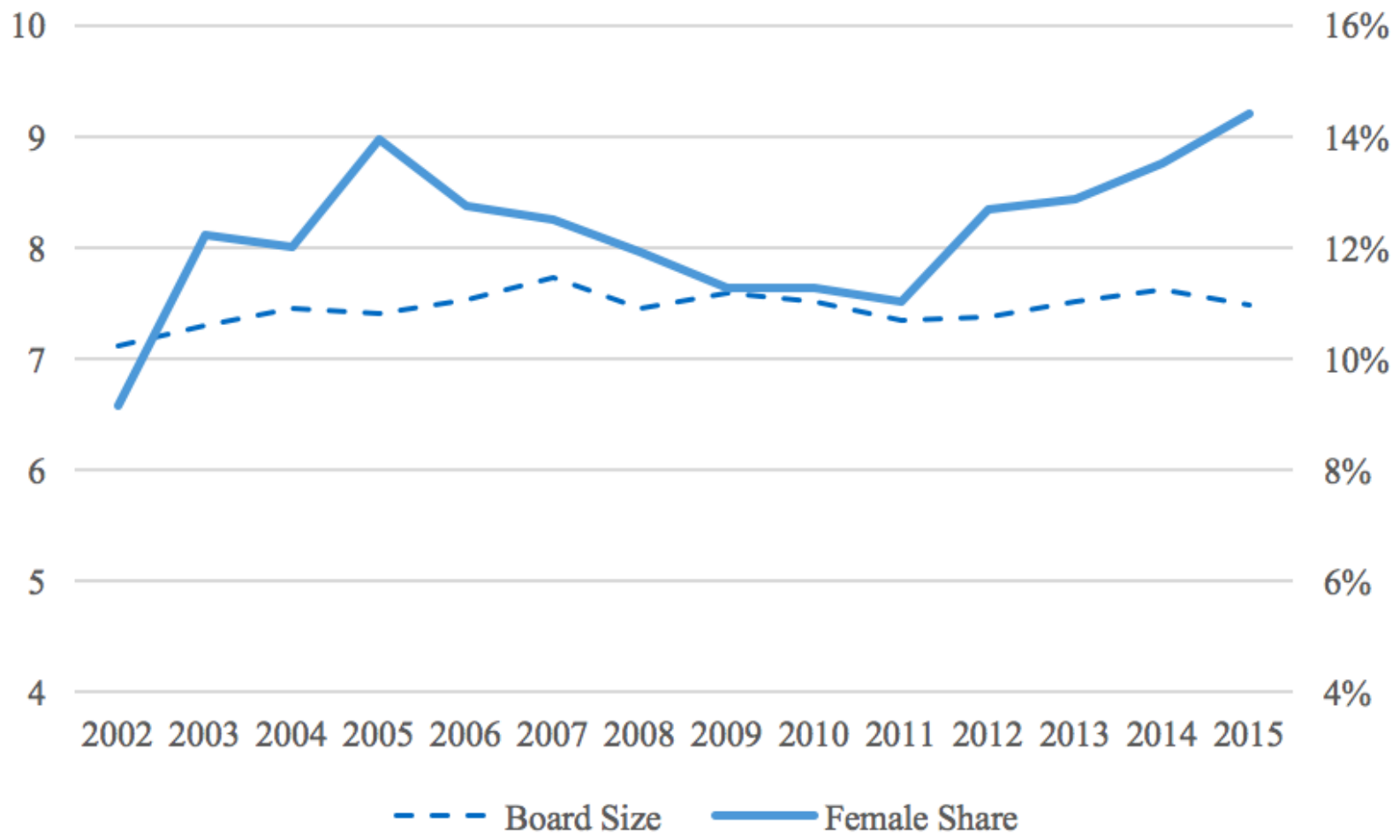
**Figure:** Share of Women on Board by geographical region and income group



# Evolution of GMP Index

**Figure:** Evolution of Share of Women on Board vs Board Size



# Evolution of GMP Index

**Figure:** Share of (Deputy) Governors vs Board Size

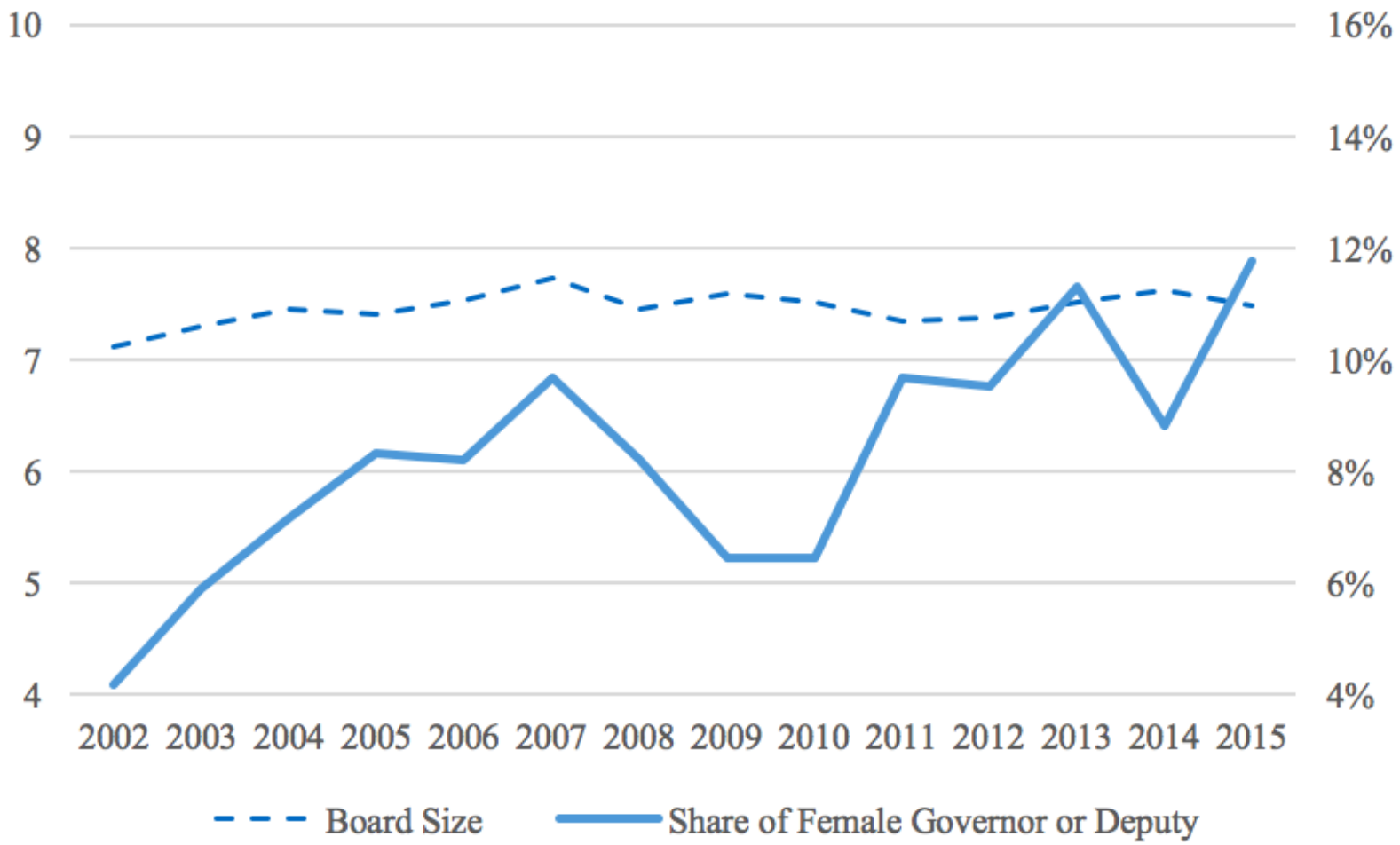
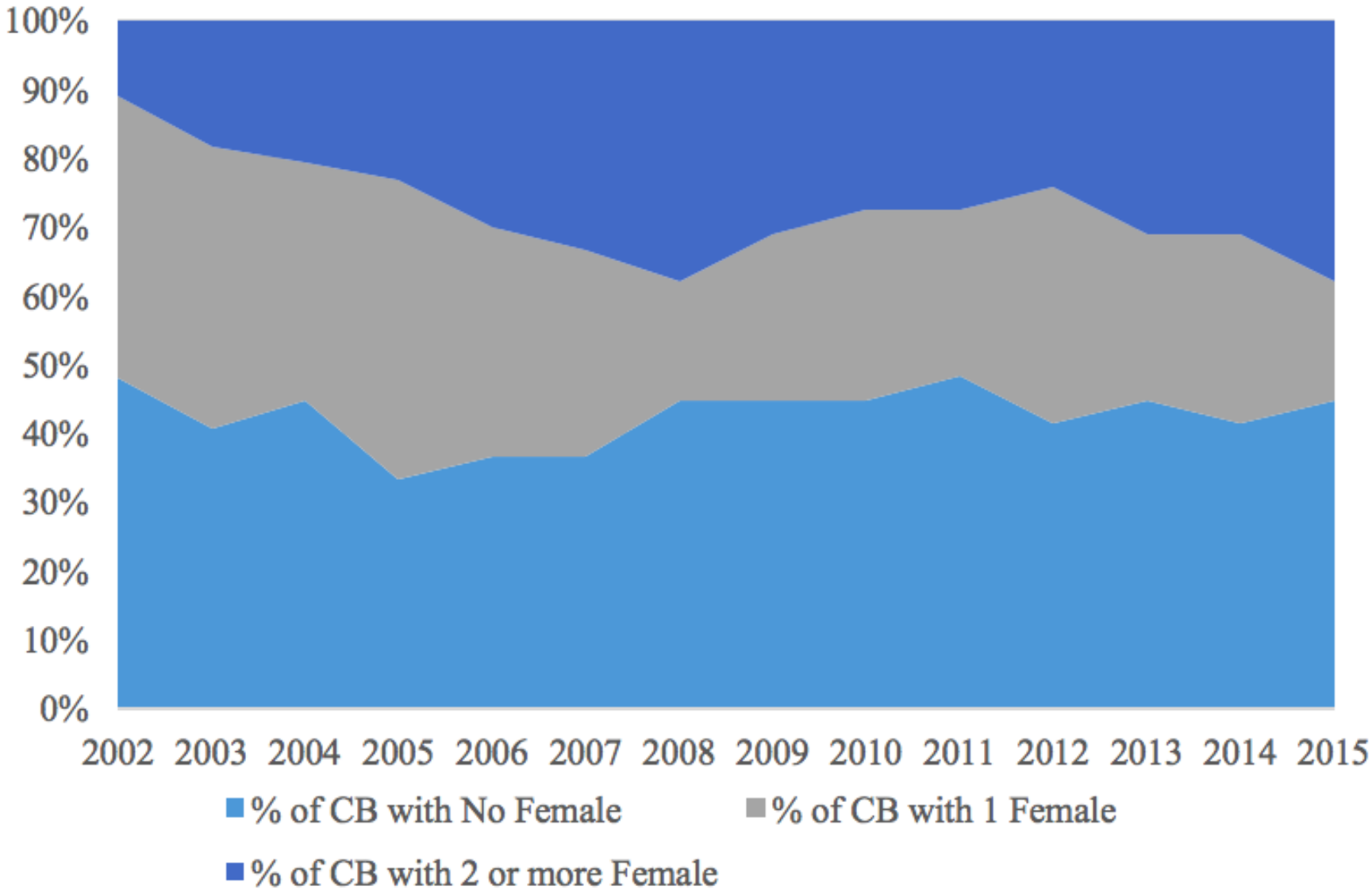


**Figure:** Presence of Women in Central Bank Boards over time



# What explains differences in GMP?

| Dependent Variable: GMP Index (as of 2015) | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| Staff gender ratio | 0.006*** | | | 0.005* | 0.004** | 0.006** |
| | (0.002) | | | (0.003) | (0.002) | (0.002) |
| Country gender equality | | 0.673* | | | | |
| | | (0.384) | | | | |
| Central bank independence | | | 0.154* | 0.216* | | |
| | | | (0.084) | (0.125) | | |
| Power Distance | | | | | -0.002** | |
| | | | | | (0.001) | |
| Inflation aversion | | | | | | 0.006 |
| | | | | | | (0.042) |
| OECD Member | -0.078 | -0.002 | -0.078 | -0.151 | -0.068 | |
| | (0.060) | (0.043) | (0.090) | (0.112) | (0.058) | |
| Inflation Targeting Regime | 0.058 | 0.016 | 0.019 | 0.036 | 0.124*** | 0.043 |
| | (0.044) | (0.037) | (0.058) | (0.072) | (0.043) | (0.043) |
| Civil Law Dummy | -0.040 | -0.088** | -0.159*** | -0.218*** | -0.093** | -0.042 |
| | (0.037) | (0.035) | (0.048) | (0.067) | (0.041) | (0.037) |
| Governance Indicators | 0.028 | -0.020 | 0.059 | 0.119** | 0.013 | -0.004 |
| | (0.035) | (0.032) | (0.047) | (0.056) | (0.037) | (0.020) |
| Observations | 77 | 64 | 52 | 34 | 41 | 76 |
| R-squared | 0.184 | 0.157 | 0.187 | 0.465 | 0.418 | 0.170 |

Constant term included but not reported.

# Does the presence of women impact monetary policy making?

Taylor Rule: $r_{it} = \alpha_i + \tau GMP_{it} + \beta\pi_{i,t+1} + \gamma Output\ Gap_t + \rho r_{i,t-1} + \epsilon_{it}$

| Dependent Variable: | Lending rate | | | | Inflation rate |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| Share of Female on Board | | 1.362* | 3.248* | 1.555** | -2.542* |
| | | (0.703) | (1.897) | (0.726) | (1.338) |
| Inflation | 0.129*** | 0.132*** | 0.175** | 0.136*** | |
| | (0.047) | (0.047) | (0.085) | (0.052) | |
| Output gap | -0.937 | -0.965 | -1.935 | -0.935 | 1.253 |
| | (0.889) | (0.851) | (1.409) | (0.828) | (0.984) |
| Lag Lending rate | 0.908*** | 0.909*** | 0.663*** | 0.911*** | |
| | (0.023) | (0.022) | (0.050) | (0.022) | |
| Money growth | | | | -0.005 | 0.117** |
| | | | | (0.009) | (0.049) |
| Central Bank Independence | | | | | -0.170 |
| | | | | | (0.489) |
| Lagged Inflation | | | | | 0.520*** |
| | | | | | (0.091) |
| OECD Member | | | | | -0.707* |
| | | | | | (0.397) |
| Observations | 325 | 325 | 296 | 312 | 318 |
| Countries | 29 | 29 | 29 | 29 | 27 |

Constant term included but not reported.

# Does the presence of women impact monetary policy making?

Inflation Dynamics $\pi_{it} = \alpha_i + \tau GMP_{it} + \rho\pi_{i,t-1} + \gamma X_{it} + \epsilon_{it}$

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# Concluding remarks

- We build a new index of gender representation in monetary policy committees
- The share of women in central bank boards is quite low, averaging at around 15% in a sample of 112 countries
- 30% of countries have no female board members and 48% have less than 10%
- Share of women has been increasing over the past one decade, but mainly due to central banks in which representation was already higher
- We show that gender representation on monetary policy boards can be explained by some country or institutional factors
- Female representation can impact monetary policy making, as a higher share of women members is associated with a more hawkish attitude

# Policy Implications

- Increasing women involvement in monetary policy making can be achieved though increasing overall employment of women in central banks
- We find that women are more likely to adopt a stricter policy enforcement, which implies that their presence on central bank boards can improve monetary policy making and the credibility of central banks

# Thank you!