



Bridging the gender gap in Mexico

Macroeconomic evidence finds that addressing market inefficiencies with a gendered lens aids unbiased decision-making, writes Galia Borja Gómez, deputy governor of Banco de México.

INCORPORATING a gender perspective in economic research has become essential in understanding macroeconomic variables. Differences in labour participation, income, access to credit, consumption patterns and the allocation of time to unpaid activities between women and men generate aggregate effects that directly impact growth, productivity, price formation and the transmission of monetary policy.

While such analyses may seem removed from traditional central bank functions, they are crucial for evaluating how various shocks affect households. This is critical for understanding price dynamics and its distributional effects. Since 2018, Banco de México has integrated an 'equality and non-discrimination perspective' into its research agenda, fostering research as a public good and providing rigorous evidence to broaden the collective understanding of the economy's structural challenges.

By explicitly accounting for the distinct realities of women and men, this represents a fundamental shift in addressing public problems. It allows us to pinpoint specific inequality gaps, as well as to design evidence-based actions aimed at eliminating structural barriers that hinder full economic participation. In recent years, three areas within this agenda stand out: the labour market, the credit market and inflation.

Post-pandemic

In labour matters, following the Covid-19 pandemic shutdown, job recovery was slower for women. By December 2020, 81% of jobs lost by men had been recovered, whereas for women, the rate stood at 68%. This disparity was driven by the impact on female-intensive sectors and the prolonged closure of schools and childcare centres throughout 2020. Specifically, among the 25-to-54 age group, the proportion of women dedicated exclusively to household work increased most among those with at least two children, showing a direct relationship between motherhood and remaining outside the labour market.

Motherhood highlights a salient characteristic of the Mexican labour market: the disproportionate burden of unpaid work. According to the most recent National Survey of Care System (ENASIC 2022), 87% of primary caregivers in Mexico are women, assuming up to 96% of the responsibility for children aged zero to five, which

explains why female employment took longer to recover and underlies why female labour participation in Mexico has historically not exceeded 50%.

Research also shows that women are 10% less likely than men to obtain salaried employment in Mexico, partly due to biases in job offers. Regional inequality is also evident: between 2019 and 2023, the wage gap reached 15% in the north and 10% in the north-central region. Although the gap is lower in the south (6%), this region presents the greatest disparity in job offers, where women are 13.4% less likely to receive one. This barrier is a primary cause of lower economic autonomy and the financial inclusion gap.

In the credit market, research shows that, under similar conditions, women have lower default rates but face higher costs and smaller loan amounts. Female entrepreneurs receive 23% lower loan amounts but pay interest rates 1.4 percentage points higher than men. These differences persist even when controlling for objective risk factors, indicating that these gaps are largely explained by gender-related biases and suggesting an inefficient allocation from a risk-profile perspective.

Regarding inflation, it has been found that it affects to a lesser extent those households where women's contribution to family income is higher. When the female contribution exceeds 40%, the increase in the cost of the consumption basket tends to be lower, possibly due to greater diversification in purchasing patterns.

Likewise, research demonstrates that, during crises, women's control over family resources tends to decline, especially in households with children. This reduction in decision-making power limits the ability to execute optimal consumption strategies against inflation. Therefore, the resilience of family spending depends on the preservation of female economic autonomy, which acts as a protective mechanism for the family unit during periods of volatility.

The empirical evidence derived from Banco de México's research shows that incorporating a gender dimension is essential for unbiased decision-making and for addressing the market inefficiencies that inequality reproduces. As long as gender gaps persist, it will remain critical for the central bank to enhance economic diagnosis, strengthen risk analysis and understand the distributional effects of monetary policy across the population.

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