

Banking on Women: IFC Investment and Advisory Services Offering for Women-Owned SMEs

Financial Markets

May 2013

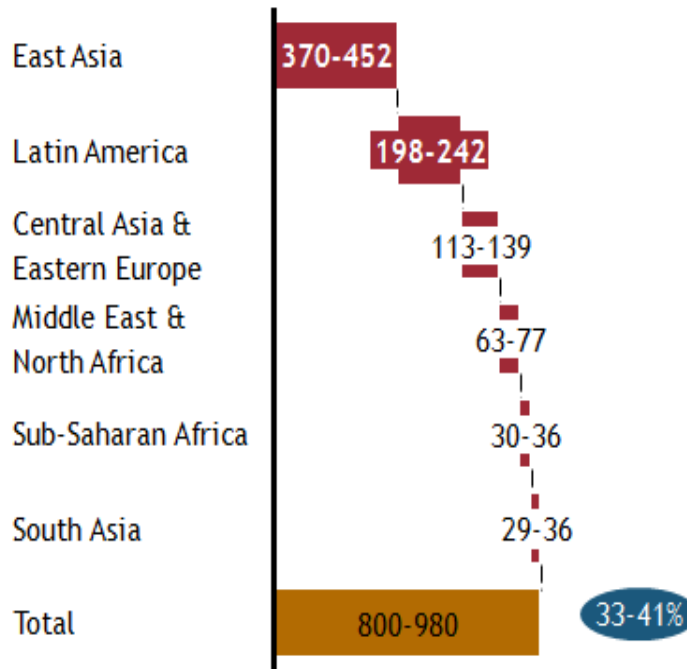
Total firms with at least one female owner collectively face a US\$1Trillion credit gap

Value of total MSMEs with at least one female owner credit gap in emerging markets

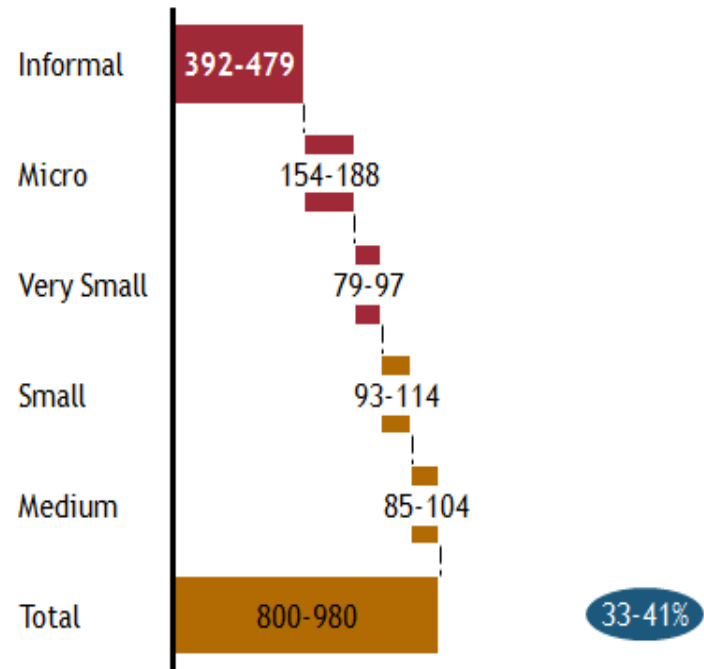
USD Billions

% of total MSME credit gap

By geography



By size



SOURCE: IFC-McKinsey MSME database; team analysis

IFC’s Gender Baseline Survey of Portfolio Clients Shows Low Access to Finance for Women

- Data from 34 IFC client banks in 25 countries covering 6 regions shows that about 16% of our client bank SME portfolios are loans to women-owned SMEs (with 51%+ women ownership)

Region	% of women-owned SMEs in IFC client bank portfolios
East Asia and Pacific	26.6%
Latin America and the Caribbean	22.2%
Europe & Central Asia	18.1%
Sub-Saharan Africa	15.1%
South Asia	9.5%
Middle East & North Africa	5.7%
Global	16.4%

- Regional percentages allow for establishment of minimum regional thresholds
- Regional numbers also enable regions to fine tune SME and BOW strategies and establish IDG3 gender targets

IFC analysis demonstrates the Business Case for Banks targeting the Women's Market

Factor*	Description
Market Share Growth	<ul style="list-style-type: none"> ➤ Provides source of market differentiation in competitive SME markets ➤ Establishes reputation as an innovator ➤ Entry and differentiation in specific sectors where concentration e.g. retail , mobile, youth, health ➤ Creates strong community-based advocacy and enhances corporate social responsibility
Higher Cross-Sell and Loyalty	<ul style="list-style-type: none"> ➤ Once main banker status achieved, higher cross-sell ratio's (between 1 and 2 times) ➤ Higher footings obtained per relationship and higher fee generation ➤ Respond well to relationship management-based models and willing to pay for it ➤ Demonstrate stronger retention rates in many clients
Strong Savings Propensity	<ul style="list-style-type: none"> ➤ Female customers have a higher propensity to save both as business and personal customers ➤ Deposits from female customers typically grow at higher rate and stay with the Bank longer ➤ Net funding surplus as a segment
Positive Risk Behavior	<ul style="list-style-type: none"> ➤ Female customers have lower risk tolerance as both business and personal customers ➤ Women-led businesses outperform those led by men, including start-ups ➤ Stronger business plans can create higher acceptance rates and reduced processing costs ➤ Default rates are either the same or better than male counterparts depending upon market
Linkage to Family Wallet	<ul style="list-style-type: none"> ➤ Take the business relationship, high likelihood that will take majority of family wallet ➤ High advocacy creates strong conversion rates for husband business and personal FS ➤ Up to 85% of family financial decisions made by the women globally

* - Source: IFC Analysis

Banking on Women IFC's Financial Markets

Access to Finance for Women Entrepreneurs

Access to Advisory Services for Women Entrepreneurs;
Strengthening Financial Infrastructure

Piloting Access to Housing Finance, Insurance, \$250M Women's Market Bond Issue



- IFC Capital and/or AAA balance sheet support (FM)
- IFC strategic advise to Financial Institutions on customer acquisition and management (A2F)
- IFC strategic advise to corporates to strengthen women entrepreneurs in value chains

- Training to women entrepreneurs including: business planning, financial literacy, demystifying banks,
- Strengthening networking platforms to support access to mentoring and markets
- IFC's investment climate work focused on broadening financial infrastructure i.e. Credit bureaus and collateral registries



IFC has a unique value proposition, combining both investment and advisory services

▪Facilitate financial institutions to recognize and seize the untapped and profitable opportunities that women entrepreneurs represent

▪Support financing needs to effectively target women entrepreneurs

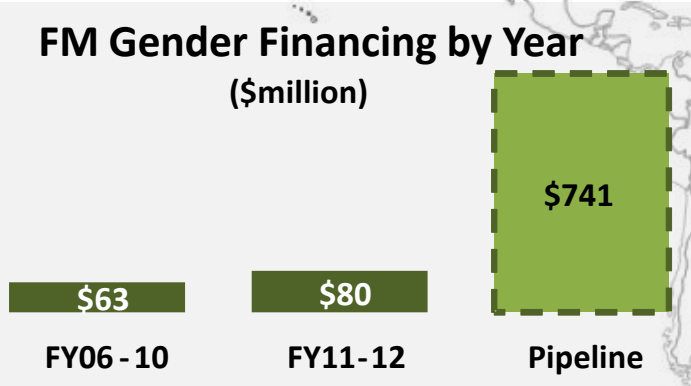
▪Raise awareness of best practices and build capacity of partner FIs committed to offering financial services to women entrepreneurs

IFC's Banking on Women Proposition

Investment Services	Advisory Services				
	Strategy & analytics	Product Management	Training	Networking & branding	Financial Infrastructure
<ul style="list-style-type: none"> ▪ Risk Sharing facilities ▪ Credit lines ▪ Loans ▪ Equity ▪ SME and Credit Insurance ▪ Supply chain finance 	<ul style="list-style-type: none"> ▪ Gender diagnostic & needs assessment ▪ Gender Market research brief ▪ Gender Environment scan framework ▪ Gender Banking practitioner guide 	<ul style="list-style-type: none"> ▪ Product support package template ▪ IFC Gender Product Program 	<ul style="list-style-type: none"> ▪ Gender awareness training for Management ▪ IFC Gender skills training course for RMs ▪ Women in business training program 	<ul style="list-style-type: none"> ▪ Toolkit for women ▪ Events & seminars program 	<ul style="list-style-type: none"> ▪ Collateral Registries ▪ Credit Bureaus ▪ Regulatory Reform

A global footprint with investment & advisory projects supporting women entrepreneurs

- ✓ Gender Portfolio: \$164M invested
- ✓ 20 clients with gender projects
- ✓ Strong pipeline: about \$741M
- ✓ Gender champion structure in place in HQ and Regions
- ✓ Gender SME Baseline established





Comprehensive Approach: Suggested policy recommendations

Policymakers

- Develop a definition for establishing a firm knowledge base on women-owned SMEs
- Strengthen laws and regulations for non-discrimination of women entrepreneurs
- Strengthen women property rights
- Provide education and training for women economic empowerment
- Create support programs that address financial as well as non-financial barriers

Financial Institutions

- Eliminate discriminatory practices against women internally and externally
- Support financial literacy among women
- Provide innovative solutions to overcome cultural barriers
- Develop products for women