

## Women Entrepreneurs and Access to Finance Program Profiles from Around the World

IFC, the private sector arm of the World Bank Group, is committed to reducing poverty and improving lives in developing countries through investment and technical assistance. The Gender-Entrepreneurship-Markets (GEM) unit is a cross-cutting initiative to mainstream gender throughout IFC operations, helping to better leverage the untapped potential of women in emerging markets. The Kauffman Foundation, with more than 12 years of field experience, is the largest American foundation to focus on entrepreneurship.

Both IFC and Kauffman are committed to supporting the development of women-owned enterprises and facilitating their access to tools for economic growth. In a partnership effort the organizations commissioned research on creative and effective programs, providing access to financing for women business owners through commercial banks and microfinance initiatives around the world.

This document summarizes initial findings and interesting examples from both studies, funded by Kauffman on U.S. programs (*available at [www.kauffman.org](http://www.kauffman.org)*) and by IFC GEM on programs outside the U.S. (study in progress).

### The Business Case—Why Should Financial Institutions Target the Women’s Market?

Women are starting and growing businesses at a remarkable rate. These firms represent up to 38 percent of all registered small businesses worldwide. In Canada, women hold ownership in 47 percent of small enterprises and accounted for 70 percent of new business start-ups in 2004.<sup>1</sup> In the U.S., women-owned businesses are growing at twice the rate of all firms, generating \$1 trillion in sales, and employing more than 7 million workers.<sup>2</sup> In China, women own one-third of small businesses, of which 17 percent have more than 1,000 employees.

<sup>1</sup> Statistics Canada 2005, <http://www.statcan.ca/start.html>

<sup>2</sup> U.S. Census Bureau. See [www.censUS.gov.csd/sbo](http://www.censUS.gov.csd/sbo)

### Challenges

Although a growing number of policies and programs are arising to address the needs of the growing number of women business owners and their enterprises worldwide, access to finance is still the single biggest obstacle facing women entrepreneurs. Why isn’t this growing market better served?

**Under-Representation in the Formal Sector**—Due to legal, regulatory, and sociocultural barriers

**Limited Market Data**—Making it difficult for banks in frontier and emerging markets to assess market needs and size, due to inadequate quantitative data about the women’s market or the micro, small, and medium enterprise (MSME) segment

**Perceived Credit Risk**—Few banks are familiar with credit bureaus, limited credit history, and constraints on access to collateral

**Technical Expertise**—Few banks are familiar with the obstacles facing women-owned businesses and how to meet their specific needs

In Kenya, 48 percent of business owners are women, yet they have only 7 percent of formal credit and own just 1 percent of land.



Kenya: Mary Mwangi, owner of Double M, a 200-employee commuter bus company in Nairobi.

### Benefits

But there are many benefits for financial institutions of financing women-owned businesses. These include:

**Access to a Large, Untapped, Underserved Market**

**High Repayment Rates**—Women’s microfinance payback rates exceed 95 percent.

**Market Differentiation**—This is especially important in the competitive MSME segment

**Increased Brand Value**

**Engagement with Communities and Policymakers, and Increased Social Impact**—Women’s access to finance facilitates greater spending on family welfare, nutrition, and girls’ education.

70 percent of the world’s poor living on less than \$1 a day are women.

### Wells Fargo Bank (United States)

#### Women’s Business Services Program



*Women-owned businesses employ more than 7 million workers in the U.S.*

A pioneer in targeting women business owners as an underserved market, Wells Fargo continues with ambitious lending goals and outreach efforts. The bank serves women-owned businesses with loans, lines of credit—including unsecured credit lines of up to \$100,000—and other financial services.

Wells Fargo Women’s Business Services program, launched in 1995, also provides research, financial guides, workshops, seminars, and community group partnerships, and an annual “Trailblazer” award to recognize the achievements of women business owners.

The program’s first 10 years saw more than 700,000 loans (exceeding \$25 billion) to women-owned small businesses, far exceeding original targets. Wells Fargo is one of the few large financial institutions in the U.S. to announce a women-focused lending goal and to partner effectively with women’s organizations.

## Access Bank, Plc (Nigeria)

### Gender Empowerment Program



Nigeria's Access Bank operates the first program of its kind in Africa—a partnership between IFC and a commercial financial institution that emphasizes access to finance for women entrepreneurs. Access Bank:

- Is listed on the Nigerian Stock Exchange
- Has more than 80 branches and service outlets
- Is a member of the Global Banking Alliance for women
- Is Nigeria's seventh-largest bank (up from no. 65 in 2002)
- Has recently received a \$15 million line of credit with IFC for on-lending to women-owned businesses, supported by IFC GEM technical assistance

Recognizing a business opportunity, Access Bank has launched a promising new initiative to differentiate itself by focusing on women-owned businesses. In addition to lending to women entrepreneurs directly, Access has recently made its first disbursement to a microfinance institution. It provided a N20 million (US\$157,000) facility under its Gender Empowerment Program to the Catholic Institute for Democracy, Justice and Peace (CIDJAP) in Enugu State to finance microenterprises via the women cooperatives with whom CIDJAP works.



*Access Bank: Targeting the women's market in Nigeria.*

**“Successfully reaching the women’s market in Nigeria will be key in achieving our retail and SME goals.”**

**—Aigboje Aig-Imoukhuede,  
Managing Director, Access Bank**

### Global Banking Alliance

The Global Banking Alliance (GBA) for Women is a worldwide consortium of best practice banks serving the women's market ([www.gbaforwomen.org](http://www.gbaforwomen.org)). Currently chaired by Royal Bank of Canada, GBA encourages member banks to identify

and share best practices. The following members demonstrate that lending to women is good business—with practices that can be adapted and emulated in other countries.

**Bank of Scotland has quadrupled the number of its women sole trader clients.**

### Bank of Scotland (United Kingdom)



*Bank of Scotland: Honoring achievements of women entrepreneurs.*

In 2003, Bank of Scotland (BoS) created its award-winning Women in Business program to sensitize frontline staff to differences between male and female business owners, and to better communicate financial products to women through increasing comfort levels and reducing the fear of approaching banks.

As one of the few initiatives of its kind, BoS:

- Provides regular educational outreach
- Publishes a bi-annual *Big Fish* magazine to share female role model successes and business tips (72 percent of readers say they recommend BoS to others)
- Sponsors organizations and initiatives that improve products and services for women in business

## Westpac Banking Corporation (Australia)

*I see becoming the bank of choice for women as a long-term strategy, integral to our core business.*

—Dr. David Morgan, Managing Director,  
Westpac Banking Corporation

In the late 1990s, Westpac underwent a cultural shift to develop into the bank of choice for women—an untapped business segment requiring improved service delivery. A national Women in Business unit was established with managers in every state. Westpac also created Women's Investment Advisory Service (WIAS)—financial advisers specializing in investment planning, education, risk management, and business services for women. Besides improving customer service, staff morale, community outreach, and brand equity, the program positively impacts Westpac's bottom line.



*Westpac's Women in Business unit supports community service.*

In 2006 more than 70 percent of Westpac's employees, 42 percent of management, and 33 percent of executive leadership are women.

Three years from launch, the program grew to A\$504m (US\$382 million) in new business.

## RBC Royal Bank (Canada)

In 1994, RBC Royal Bank, Canada's largest lender to small businesses, resolved to become the bank of choice for women. Business banking staff was trained in gender-sensitive service delivery and an online virtual Network for Women entrepreneurs was created.

RBC has more than 100 women's market *champions* across Canada among its staff—trained to offer appropriate financial and nonfinancial support, including consulting services and educational events.

**RBC's focus on women entrepreneurs improved client satisfaction 30 percent and increased market share (23 percent vs. 18 percent SME overall).**

### Key Findings: Common Program Characteristics

Although the IFC and Kauffman studies do not provide an exhaustive inventory of best practice programs, the initiatives analyzed and profiled highlight common themes and challenges: scale, scope, sustainability, and effectiveness. Hundreds of programs provide services to small businesses, and perhaps dozens primarily serve women for access to capital.

Interviews with experts in the field and analysis of best practice programs suggest that successful organizations are fairly large, provide a wide range of services, and have strong linkages to the financial community. At the national level, successful programs targeting a specific population have achieved scale by partnering with local organizations to deliver direct services.



*Bangladesh: Financing from BRAC (see p. 10) helps local women build their businesses.*

Common elements of the successful programs profiled:

**Scale**—Achieve scale either by growing or by developing a network model in which they work with affiliates and other programs.

**Scope**—Provide a wide range of services which enable best practice programs to address multiple needs, frequently with an institutionalized focus on the market across the organization.

**Leadership**—Have effective and committed leaders—both CEO and business line leader—who can manage internally and develop strong external relationships with the community.

**Metrics**—Collect gender-disaggregated data, conduct their own internal research, measure outcomes, and in some cases design tailored credit risk models.

**Service Delivery**—Gender-sensitive service delivery and staff training.

This ground-breaking effort is not meant to be an exhaustive cataloging of “best of breed” programs or initiatives, although the programs were analyzed and vetted for their effectiveness in outreach and outcomes. Rather, it highlights a diverse range of approaches to providing capital and other forms of financial assistance to women seeking to start or grow their enterprises and suggests approaches and methods that appear to increase the likelihood of greater program success.

We hope this effort will:

- Promote dialogue and discussion among those interested in fostering the growth of women-owned enterprises
- Encourage further investigation of the initiatives uncovered
- Enhance the sharing of program information and outcomes
- Encourage additional, more intensive research into this underexplored area.

### Profiles in Innovation

Innovative products and services are critical to best practice financing programs for women-led businesses to respond to market need. They often include connection to nonfinancial services (financial literacy, business skills training, networking).

The following brief profiles share what's working—and what can work elsewhere.

## Banco Santander Santiago (Chile)

In a region where the majority of financial institutions have limited focus on women, Banco Santander stands out due to its outreach to women in both their microfinance and SME finance businesses. It is:

- The largest bank in Chile (\$28 billion in assets)
- Owned by one of world's largest bank holding companies (Banco Santander Central Hispano of Spain)
- Listed on the New York Stock Exchange
- A full-service financial institution

Santander has also mainstreamed gender considerations. It operates a microfinance affiliate (Banefe) for whom women make up 54 percent of borrowers and 60 percent of loan officers, as well as an SME lending program, 23 percent of whose borrowers are women. It also provides women's training programs in partnership with local NGOs.

The bank's vision promotes a culture of female empowerment:

- Has 45 percent female workforce (10 points higher than nationwide rate)
- Targets women for management and professional positions
- Sponsors an annual Female Microentrepreneur Award to showcase both female role models and credit opportunities



*Chile: Women are active in mining and other key industries.*

In many developing countries, financial institutions that are most successful in reaching female entrepreneurs have designed a product suite to cater to the needs of women who cannot own physical assets or must share ownership with their husbands.

## Fondacion Zakoura (Morocco)



A Moroccan NGO, Fondacion Zakoura, leads the Middle East-North Africa region in supporting women's economic empowerment through financial services—aiming for social change by building women's self-confidence and access to information. It:

- Is Morocco's third-largest microfinance institution—one of the few with a strong focus on women, and commercially sustainable
- Uses donor funding for nonfinancial services conventional banks don't offer (water, health care, literacy programs)
- Has illiterate and poor women as the majority of clients

Zakoura's proportions of female personnel:

- Regional directors—60 percent
- Office directors—55 percent
- Loan officers—60 percent

Since 2002, Zakoura has reached about 52,000 people per year with its nonfinancial services.



*Zakoura: Supporting Morocco's women entrepreneurs with loans, training, and other products.*

**An integrated package of financial and nonfinancial services empowers women in an Islamic society. Zakoura was the first Moroccan microfinance institution to create housing, water, and electricity loan products.**

## Sero Lease and Finance Ltd. (Tanzania)

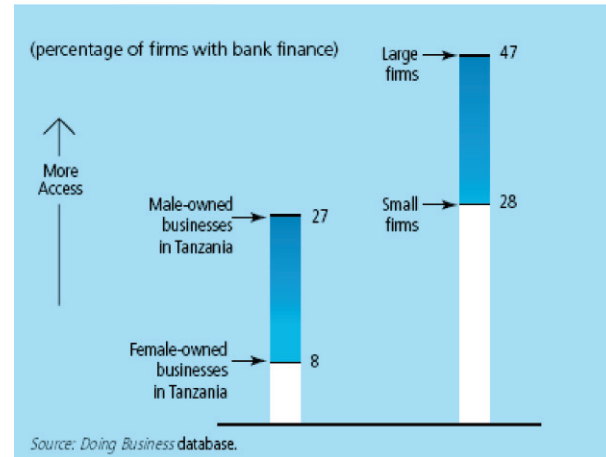
In Tanzania custom law largely excludes women from owning land, and in a predominantly collateral based banking system that excludes them from business loans, too. Sero Lease and Finance Ltd. (Selfina) is a women's leasing and finance company that went into microleasing in 1997 to address this problem, enabling women to acquire equipment for immediate use with a down payment and financial lease.

- Targets SMEs —currently has 3,000 clients
- Zero default rate and 99 percent payback rate
- Average loan size \$500
- Operates at an annual profit and is poised for growth

Selfina's objectives include:

- Increasing the volume of lease transactions—currently \$17 million, meeting only a fraction of the demand in a growing economy
- Providing equipment to businesswomen—increasing their efficiency and modernizing their businesses or facilities
- Promoting leasing—to support private enterprise growth and foster a more favorable environment for foreign and domestic investment
- Expanding into agricultural equipment leasing

### Tanzania: Women Have Difficulty Accessing Credit



*Despite difficulty accessing commercial finance, Tanzania's Odilia Martin has made the cleaning company she started eight years ago into a winner, with 260 employees today and a client list that includes Coca-Cola. But it took eight years. Had local banks been willing to lend to her, she could have moved much faster.*

Thousands of women have benefited from the services of Selfina since the start of its operations. Some global estimates indicate that one fulltime job is created for each \$10,000 of lease financing received.

## BRAC (Bangladesh)



*BRAC: Integrated program to raise living standards of women in Bangladesh.*

One of the world's largest NGOs, Bangladesh's BRAC:

- Began in 1972 as a relief organization (Bangladesh Rural Advancement Committee)
- Now has a unique relationship between its nonprofit BRAC and for-profit BRAC Bank
- Provides linkages among its many programs

Multifaceted programs support BRAC's mission of economic development and empowerment of Bangladesh's poor women through microfinance.

### BRAC and Women's Empowerment

Established in 2001, BRAC's Women's Economic Development Program (WEDP) helps women build financial independence through access to finance. It targets female entrepreneurs who operate their own businesses without male partners (since in Bangladesh males often use female relatives to access finance) and offers business loans to women with legally registered businesses or trade licenses (loans require a guarantor other than the applicant's husband). Key facts:

- Depends largely on word-of-mouth advertising and referrals
- 9,500 active clients
- Outstanding portfolio: \$5.4 million.
- Terms: 100 days to 24 months
- Loan size: \$735–7,352
- Provides technical assistance to BRAC Bank's newly formed Women's Entrepreneurship Cell
- 100 percent female staff—can visit the clients in their homes (greatest challenge is hiring and training qualified female staff)

BRAC's internal Gender Quality Action Learning Program takes comprehensive approach to empowering women:

- More than 6,000 field staff trained in gender issues
- Building capacity of individual field staff
- Driving long-term institutional change

## Count Me In (United States)

Founded in 1999, the nonprofit program Count Me In ([www.countmein.org](http://www.countmein.org)) is a pioneer in online lending—providing small loans to women, including those who don't fit the traditional credit profile.

- Supported by private investors, corporations, firms, foundations, government programs
- Offers online resources—training courses, questions and answers, business education library
- Provides loans of \$500–10,000 at 8–15 percent for 6–84 months
- Extends credit to women just entering the workforce, if they've taken business courses or have a home-based business



*Count Me In: Championing the cause of women's economic independence by providing access to business loans, consulting services, and education.*

Count Me In provides access to networks that expand clients' contacts, markets, skills, and confidence. Its "step up" program allows a client to apply for subsequent, larger loans after repaying her first loan.

### Make Mine a \$Million

Count Me In's new program, Make Mine a \$Million, targets high-growth businesses trying to reach \$1 million in sales. Each year it awards to 40 women-led businesses (on a competitive basis):

- Up to \$45,000
- One year of business mentoring
- Marketing tools to help grow their businesses to a million dollars and beyond

## Trapezia (United Kingdom)



*Trapezia: UK-based women's investment fund.*

Women-owned businesses attract less than 5 percent of venture capital funds worldwide. Following the innovative US Springboard 2000 program, the Trapezia Fund will be the first dedicated to the venture capital requirements of women-centered businesses in the U.K. and Europe. Trapezia is a private investment fund that is part of Stargate Capital Management Ltd.

- A venture capital and business angel for women
- Offers opportunity to invest in women-focused businesses over 3–5 years
- Investment advisory panel of seasoned entrepreneurs and professionals, including a representative from the Women in Business (WIB) unit of Bank of Scotland

The fund seeks \$53.7 million and requires a minimum investment of \$18,000—demonstrating to investors that Trapezia is committed to women's businesses as a lucrative sector.

Although still raising money, Trapezia already has an innovative model to foster, mentor, and nurture businesses by providing financial capital, access to intellectual capital, and introductions to business networks and markets.

Trapezia is a promising initiative with aspects that could be replicated in developing countries.