



INTRODUCTION

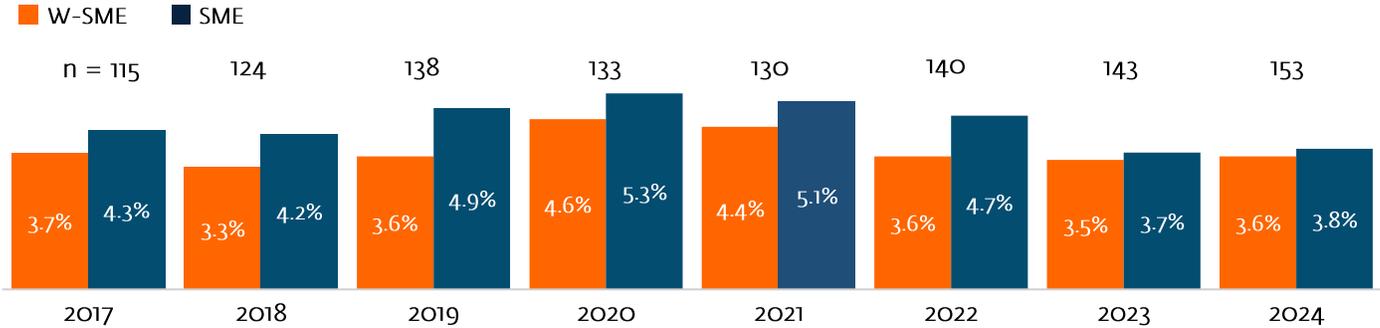
Despite making up 34% of businesses, women-owned MSMEs continue to face a staggering \$1.9 trillion financing gap in emerging and developing markets. The hurdles are familiar: a lack of collateral, limited credit history and digital footprint, gaps in the legal environment and banking policies, and a mismatch of products and services. In many markets, financial institutions have overlooked women and women-owned enterprises as a distinct asset class, despite their pivotal role in driving economic growth and job creation across the manufacturing, tourism, agribusiness, and services industries.

However, a decade of IFC client data provides a powerful counter-narrative. By analyzing the performance of women customers of IFC’s client financial institutions (FIs) across the SME, micro, and retail segments, we provide evidence that this underserved sector is in fact a high-value, low-risk asset class, and that a tailored strategy to serve this segment is a savvy business move for financial institutions looking to drive growth, stability, and shareholder value.

W-SME SEGMENT

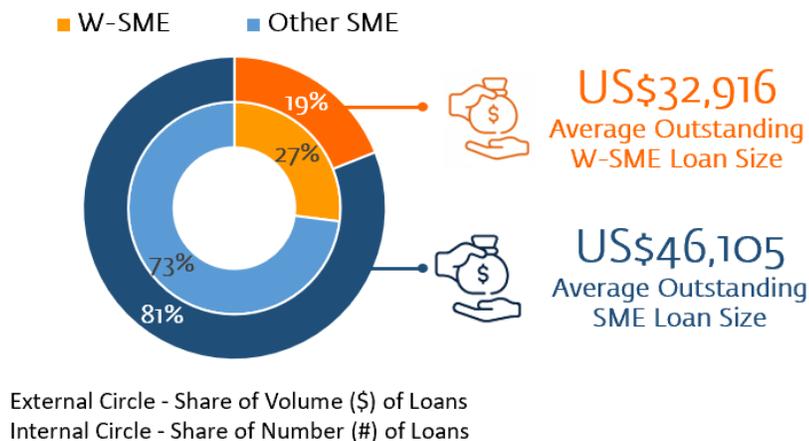
IFC’s annual survey of its financial institution (FI) clients in EMDEs provides insights over the course of a decade into the performance of women customers in the SME segment (W-SMEs). W-SMEs have demonstrated consistently strong asset quality for nearly a decade. In 2024, data from 153 reporting FIs indicated that the average 90-day Non-Performing Loan (NPL) ratio for W-SMEs was 3.6% - slightly outperforming the 3.8% recorded for overall SME portfolios. The evidence is clear: this lower risk profile for W-SME loans presents a compelling business case for FIs in emerging markets that seek high-quality, low-risk assets.

GLOBAL: W-SME & SME 90-DAY NPL RATIOS¹ , %



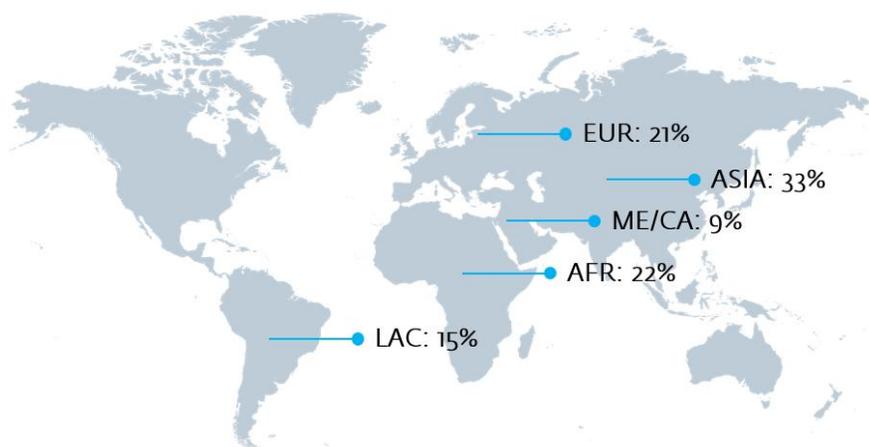
In 2024, data from 183 IFC client FIs showed that loans to women-owned SMEs (W-SMEs) comprised only **19%** of SME portfolios across emerging market banks on average (by US\$ volume)², with average loans sizes that are **28%** smaller than SME loans to men. With women representing only \$19 out of every \$100 SME loan portfolio, there is still a sizeable opportunity for banks to scale up financial services in this segment.

SHARE AND SIZE OF W-SME LOANS (% OF SME LOANS, US\$), 2024



Regional disparities in the women's share of SME loans are significant. In Asia, W-SME loans accounted for around 33% of the SME loan portfolio among 41 reporting FI clients, while in the Middle East, Central Asia, and Türkiye (ME/CA) region, W-SME loans accounted for only 9% of the SME loan book among 27 surveyed FIs.

SHARE OF W-SME LOANS (% OF SME LOANS, US\$), 2024³



1/The term "NPL" refers to the weighted average 90-day non-performing Loan ratios pertaining to the loan portfolios of surveyed IFC client FIs.
2/Unless otherwise specified, "SME portfolio" refers to the overall portfolio, which includes both women-owned SMEs and other SMEs.
3/Number of reporting financial institutions in each region: Europe (N=28); East Asia and Pacific and South Asia (Asia) (N=41); Middle East, Central Asia, and Türkiye (ME/CA) N=27; Africa (AFR) N=53; Latin America and the Caribbeans (LAC) (N=33).



Does a tailored banking strategy to reach women work? Trendline says yes.

75%

IFC BOW Clients (N=51) with increasing W-SME loan share

48%

IFC Non-BOW Clients (N=25) with increasing W-SME loan share

Of the 76 reporting IFC client FIs with 7+ years of sex-disaggregated data, 66% show an increasing share of W-SME loans in their SME loan book, suggesting a positive trend in financial services for W-SMEs in emerging markets.

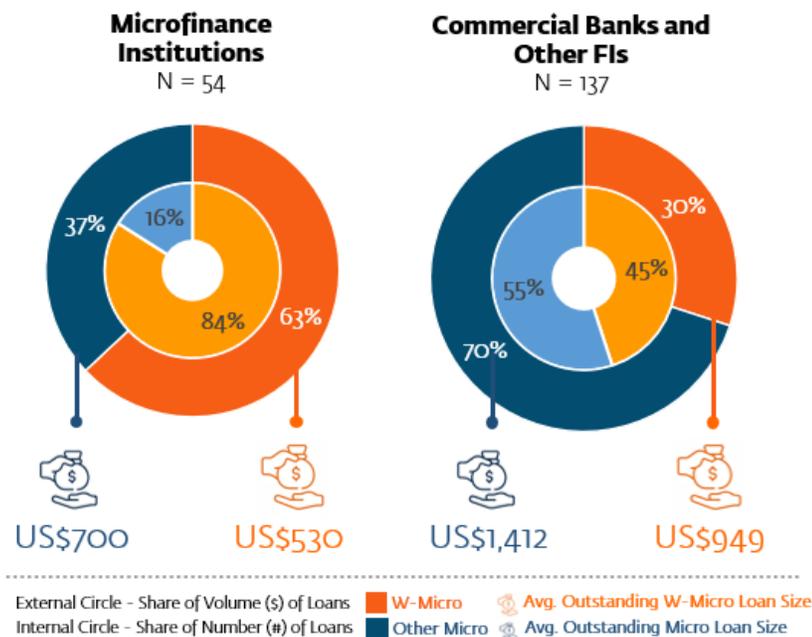
When we dig deeper, the data shows that financial institutions with a tailored strategy or clear commitment to finance women-owned enterprises are growing their W-SME loans at a much higher rate than those without an explicit strategy.

Among 51 FIs with tailored strategies and commitments to provide financial services to W-SMEs (IFC *Banking on Women* clients), **74.5%** saw an increasing share of W-SME loans in their SME loan portfolio, compared to only **48%** of clients without such a focus.

W-MICRO SEGMENT

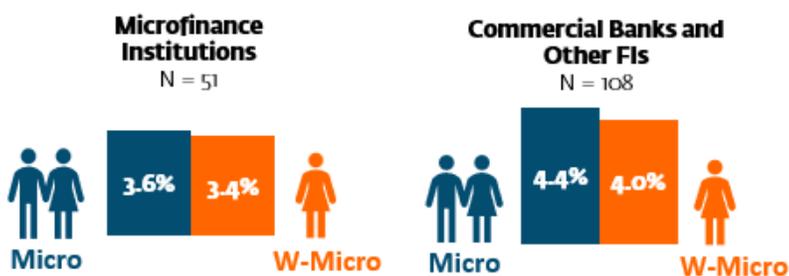
A significant financing gap persists for women-owned microenterprises (W-Micro) in emerging markets, despite a dedicated focus on these customers from microfinance institutions (MFIs). Data also suggests that traditional commercial banks are not yet reaching W-Micro customers at scale. Among 186 surveyed FIs reporting sex-disaggregated loan data, loans to women-owned microenterprises (W-Micro) accounted for only **39%** of the total US\$ volume of micro loans in 2024. The share of W-Micro loan drops to **32%** when eight reporting FIs in India were excluded⁴. On average, women's outstanding micro loan size was **66%** the size of the average micro loan.

SHARE AND SIZE OF W-MICRO LOANS BY INSTITUTION TYPE: (% OF MICRO LOANS, US\$), 2024



Data also indicates that the *type* of financial institution matters and that commercial banks may be missing opportunities to serve the W-Micro segment. In 2024, W-Micro loans accounted for **63%** of the total volume of micro loans among IFC's microfinance institutions (MFI) clients but merely **30%** in commercial banks and other FI clients' portfolios. The NPL ratios are slightly lower for W-Micro loans in both groups.

GLOBAL: W-MICRO & MICRO 90-DAY NPL RATIOS, % 2024



⁴/Eight surveyed IFC client financial institutions in India contributed to over 37% of the total W-Micro loan in 2024. The average micro loan size and performance of their micro portfolio differ significantly from the rest of the world.



IFC's Definition of Women-Owned Enterprise (WOE)

A business or enterprise that is:

(1) at least 51% by vote and value owned by a woman or women, where such woman or women direct or cause the direction of management, policy, fiscal and operational matters;

Or

(2) at least 20% by vote and value owned by a woman or women, **and**:

(2.a) has at least one woman in a senior executive role (e.g. Chief Executive Officer, Chief Operating Officer, President, Vice-President or similar senior executive management role); **and**

(2.b) if it has a board of directors or other managing board or committee, at least 30% of the members of such board or committee are women;

Or

(3) *For informal enterprises*: carried out, or owned and operated by, a woman or women.

**National-level definitions of WOE are also used in some markets.*

W-RETAIL SEGMENT

Financial institutions have a lot to gain by expanding their service offerings for women. Women tend to make the majority of purchase decisions - an estimated 80% of purchases - when it comes to household spending. Nevertheless, women retail borrowers accounted for only **36%** of total retail loan volume among 168 IFC client FIs in 2024. Women are also a vital source of bank liquidity and funding, contributing **39%** of the total retail deposit volume. And while women typically have smaller average retail loan sizes than men, their consistently lower NPL ratios reinforce a track record of superior credit performance.

SHARE OF W-RETAIL LOANS & DEPOSITS (% OF TOTAL RETAIL LOANS & DEPOSITS, US\$), 2024



GLOBAL: W-RETAIL AND TOTAL RETAIL LOAN 90-DAY NPL RATIOS, %



IFC's Banking on Women Business

IFC's *Banking on Women* business has catalyzed financial services for women and women-owned micro, small, and medium enterprises (MSMEs) in emerging markets for over a decade. Cumulatively since 2012, IFC has invested and mobilized more than \$12.5 billion in emerging market financial institutions in 86 countries to finance women and women-owned MSMEs working in manufacturing, health, technology, agribusiness, tourism, and services sectors.

Through the *Banking on Women* business, IFC:

- Directly invests, provides risk management instruments, and catalyzes capital markets to invest in emerging market financial institutions to build market share and shareholder value, and to develop growth strategies based on tailored value propositions for women customers and women-led businesses. IFC and its FI partners provide a full suite of financial solutions for MSME enterprises, energy-efficient households, the Silver Economy, and supply chains across multiple customer segments and industries;
- Provides advisory expertise to FI clients in areas such as strategic planning, product design, customer segmentation, value proposition design, market and product positioning, credit and risk analysis, and staff training to help financial institutions profitably serve women customers. This also includes working with FIs to address demand-side barriers through creating non-financial services (NFS) such as digital and in-person training platforms, business coaching, legal services, and mentorship programs for customers;
- Originates action-oriented market research and data analysis for financial institutions and investors.

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