IFC’s annual survey of its banking clients continues to provide insight into the potential size and financial performance of women-owned small and medium enterprises (W-SMEs) and why financial institutions should pay greater attention to this segment.

**MAIN FINDINGS**

- Women SME Loan Portfolios Continue to Exhibit Lower NPLs than Total SME Portfolios: In a surveyed sample of 136 IFC client financial institutions (FIs) in CY2019, the average NPL ratio for loan portfolios of Women-Owned SMEs (3.7%) was significantly lower than the average NPL ratio for Total SME Loan Portfolios (5.0%) comprising men- and women-owned SMEs. This data follows the same trend of better performance for W-SMEs over the past several years, whether or not the financial institutions launched specific strategies to target women customers.

- In a smaller sample of 36 IFC clients with a specific strategy to target women customers through IFC’s Banking on Women business, the difference is even more pronounced – 3.2% average NPL ratio for loans to W-SMEs vs. 4.6% average NPL ratio for Total SME Portfolios.

For three consecutive years, the average NPL ratio for loans to Women-Owned SMEs has been lower (better) than the average NPL ratio for Total SME Portfolios.

<table>
<thead>
<tr>
<th>Year</th>
<th>W-SME NPLs %</th>
<th>SME NPLs %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2018</td>
<td>3.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2019</td>
<td>3.7%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>
ADDITIONAL FINDINGS FROM CY2019

- Women-owned SMEs account for 23% of the overall number and 14% of the overall value of SME loans in portfolios of 187 surveyed IFC client banks in 2019.
- Average loan sizes to Women-Owned SMEs were smaller than average loan sizes to Total SMEs. Women-Owned SMEs had an average loan size of US$24,754 vs. US$41,390 for Total SME Portfolios.

ADDITIONAL FINDINGS FROM 2017-2019

What is the experience of most financial institutions in the W-SME segment?

- When we change our focus from average aggregate NPL ratios to analyze the number of financial institutions that experience better asset quality for loans to women entrepreneurs, we note, similarly, that the majority of financial institutions observed lower NPLs for Women-Owned SME Portfolios compared to Total SME Loan Portfolios over the 3-year period.
- In CY2019, NPLs for Women-Owned SME Loan Portfolios were lower than NPLs for Total SME Portfolios for 61% of the 136 IFC client financial institutions in the survey sample.

IFC BANKING ON WOMEN

IFC’s Banking on Women business provides finance, advisory expertise, and actionable data to financial institutions to help them expand valuable services and opportunities for women customers and W-SMEs in emerging markets. Since 2012, we have invested over US$2.8 billion, mobilized funding, and provided expertise to over 100 financial institutions in 56 countries to launch profitable value propositions for women customers.

Recent and notable initiatives include:

- 2020: Provided Working Capital Solutions to women and W-SMEs as part of IFC’s COVID-19 response
- 2020: Convened emerging market banks to share COVID-19 mitigation solutions for women customers
- 2020: Disseminated Her Home research and made IFC’s first investment in women’s housing finance
- 2020: Published research on the ROI of Bank Non-Financial Services
- 2019-20: Launched the First EM Women Entrepreneurs Bond in the Asia-Pacific Region with Bank of Ayudhya Thailand and first Gender Bond in Indonesia with Bank OCBC NiSP
- 2019: Introduced Banking on Women - Global Trade Finance Program (BOW-GTFP)
- 2018: Invested in the first EM private sector issued Gender Bond with Garanti Bank BBVA in Turkey

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