

IFC

BANKING ON WOMEN

Business Case Update #3: Lower NPLs for Women-Owned SMEs



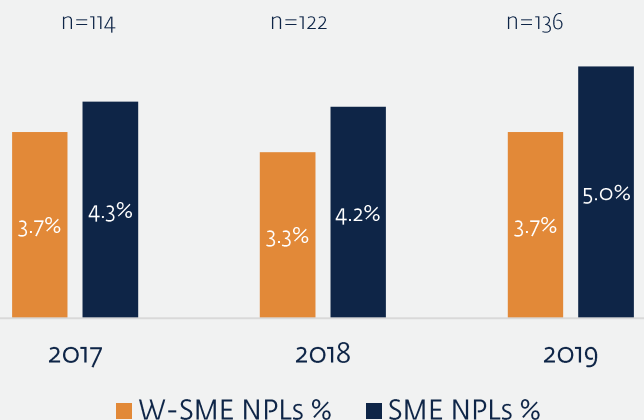
IFC's annual survey of its banking clients continues to provide insight into the potential size and financial performance of women-owned small and medium enterprises (W-SMEs) and why financial institutions should pay greater attention to this segment.

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.

W-SME and SME 90-day NPL %, CY 2017 - 2019



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 in 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*

CONTACTS

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