

IFC BANKING ON WOMEN

Business Case Update #5

Lower NPLs for Women-Owned SMEs

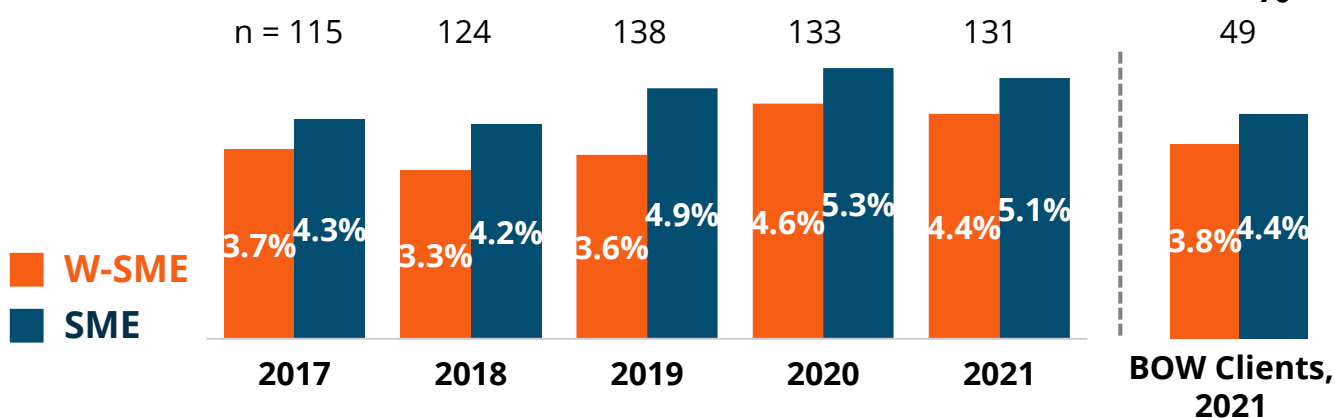
February 2023

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.

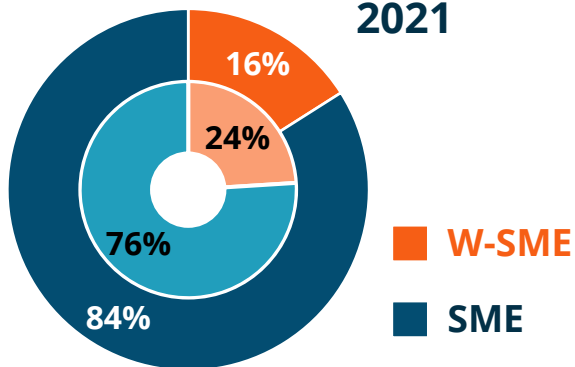
Lower NPL Ratio

- Women SME loan portfolios consistently exhibit lower NPLs.** In a surveyed sample of 131 IFC client financial institutions (FIs) in CY21, the average NPL ratio for loan portfolios of Women-Owned SMEs was 4.4%, significantly lower than the average NPL ratio for total SME loan portfolios (5.1%) comprising men- and women-owned SMEs. This data follows the same trend for W-SMEs over the past five years, whether or not the financial institutions launched specific strategies to target women customers.
- Clients with a specific strategy to target women customers observed even lower W-SME NPL ratios.** In a smaller sample of 49 clients in IFC's **Banking on Women (BOW)** business, the average NPL ratio for W-SME loan portfolios was 3.8%, versus a 4.4% average NPL ratio for total SME portfolios.

W-SME & SME 90-d NPL Ratios, %



Share of W-SME Loans, 2021



- Women-owned SMEs accounted for 16% of the overall value and 24% of the overall number of SME loans in portfolios of 164 surveyed IFC client financial institutions in CY21.

Smaller Share & Size

- Average loan sizes to Women-SMEs were smaller than average loan sizes to total SMEs.** Women-Owned SMEs had an average loan size of US\$27,090 vs. US\$39,591 for total SME portfolios.

Average Loan Sizes, (US\$, 2021)

 **W-SME: \$27,090**

 **SME: \$39,591**

CONTACTS

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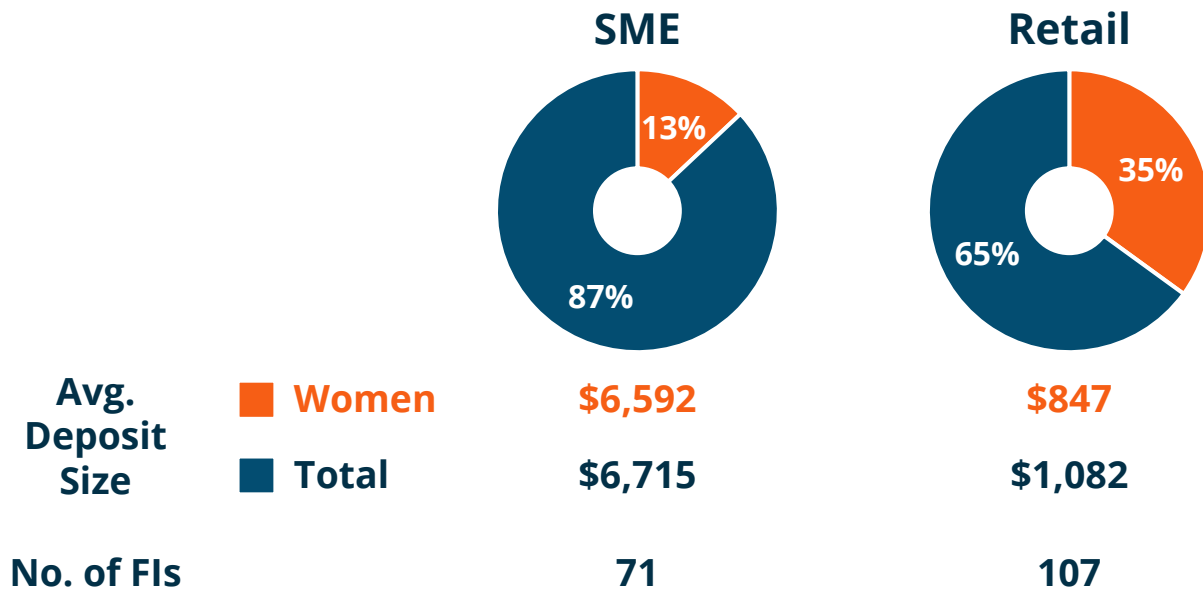
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Reliable Source of Deposits

Deposits from Women & Women-Owned SMEs

(% of total US\$ volume)



➤ **Deposit Share:** Women customers provided a reliable source of liquidity for the financial institutions in the survey sample in CY21, contributing to **13%** and **35%** of the overall volume of SME and Retail Deposits, respectively.

➤ **Average Deposit Size:**

- **SME:** The average size of deposits from W-SMEs was **comparable** to the average size of total SME deposits.
- **Retail:** The average size of retail deposits by women was **lower** than the average size of total retail deposits.

IFC FIG-Gender / Banking on Women

IFC's **Banking on Women** business provides finance, expertise, and actionable data to financial institutions to help them expand valuable services and opportunities for women customers and W-SMEs in emerging markets. As of January 2023, we have invested over US\$4 billion, mobilized funding, and provided expertise to 154 financial institutions in 68 countries to launch profitable value propositions for women customers.

Recent initiatives include:

- **Gender Bond Program:** Since 2018, IFC has launched and invested in six client-issued Gender Bonds in collaboration with [Garanti Bank BBVA \(Turkey\)](#), [Bank of Ayudhua \(Thailand\)](#), [Bank OCBC NISP \(Indonesia\)](#), [Banco Pichincha \(Ecuador\)](#), [NMB Bank \(Tanzania\)](#), and [Itaú \(Brazil\)](#). Each one was the first Gender Bond issued by a private sector FI in each market
- 2021-22: Provided [Working Capital Solutions](#) to women and W-SMEs as part of IFC's COVID-19 response
- 2021: Published new research on [COVID-19 and Women-Led MSMEs in Sub-Saharan Africa: Examining the Impact, Responses, and Solutions](#)
- 2020: Convened [emerging market banks and fintechs](#) to share [COVID-19 mitigation solutions](#) for women SME customers
- 2020: Disseminated [Her Home](#) research and made IFC's first two investments in housing finance for women
- 2020: Published research on the [ROI of Bank Non-Financial Services](#)
- 2019: Introduced the [Banking on Women - Global Trade Finance Program \(BOW-GTFP\)](#)

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