

Best Practices for the Financing of Women MSMEs in Latin America and the Caribbean: Recommendations for National Development Banks

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BEST PRACTICES FOR THE FINANCING OF

WOMEN

MSMES

IN LATIN AMERICA AND THE CARIBBEAN

Recommendations for National Development Banks

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LIST OF ABBREVIATIONS AND ACRONYMS

ALNAP	National Association of Savings and Loans
FI	Financial institution
IDB	Inter-American Development Bank
IFC	International Finance Corporation
LAC	Latin America and the Caribbean
MSME	Micro, small, and medium-sized enterprise
PRODER	Programa para el Desarrollo Sectorial y Regional (Argentina's sectoral and regional development program)
SME	Small and medium-sized enterprise
weB	Women Entrepreneurship Banking

EXECUTIVE SUMMARY



Micro, small, and medium-sized enterprises (MSMEs) in Latin America and the Caribbean (LAC) comprise a robust productive fabric with particular features that show the macroeconomic characteristics of their countries. One of these particular features is access to credit, which has differentiated nuances according to the nature of the MSME requesting such credit. In this sense, sex or gender traits have implications for MSMEs, and therefore for their access to loans. To increase access to financing for women MSMEs, it is necessary to consider the peculiar characteristics of supply and demand that result in less financing or in inadequate financing. While there are various combinations to improve the financing environment for women MSMEs, one of the points suggested is to catalyze, through national development banks (NDBs), the offer that financial institutions (FIs) currently provide.

This document identifies and shares good practices that can be replicated by NDBs to improve access to and use of financing (credit) for women MSMEs. These are tools and practices that serve both to encourage self-limited demand (women entrepreneurs who do not apply for a loan) and strengthen the offer of credit that is not meeting needs, does not fit the characteristics of women's businesses, or is diverted to other clients. Within the main findings compiled, we can cite the design of products with non-financial considerations (such as personalized counseling, training, networking activities, skill development, etc.) as well as managing the creation of financial products based on segmentation and detailed market research of women's businesses. At the same time, partnerships with specialized institutions in the field are encouraged, as well as digital mechanisms for limited solutions.

The best practices included in this document are not exclusive to the problem in which they are framed, but for the purpose of simplicity of reading, these recommendations have been related to those constraints that they have the greatest potential to impact. Understanding that the best practices included herein as a whole have an influence on the demand for credit and adapting the offer to the needs of women MSMEs is key. Understanding the local market, together with sex-disaggregated data, will enable each FI to select the combination of best practices they deem most appropriate to meet their goals, capacity, and resources at any given moment.



INTRODUCTION



1



According to data reported by the SME Finance Forum,⁽¹⁾ 13 percent of formal micro, small, and medium-sized enterprises (MSMEs) in Latin America and the Caribbean (LAC) are owned or led by women.⁽²⁾ Although this shows the reduced presence of women MSMEs in the region, large differences can be seen both by country and by company size. In general, women enterprises tend to be more concentrated in the micro-enterprise segment, and their size is one of the relevant factors, and at the same time one of the consequences, of the barriers to access financing.

The overall low representation of women MSMEs must be interpreted within an analysis that includes the constraints that result from this situation, which are present on both the supply and demand sides. There are obstacles on the supply side such as products and services that are not designed according to women's needs; guarantee requirements that do not include the social realities of this group and how they negatively affect asset ownership; product opening requirements that block women's interest, gender bias, etcetera. On the demand side, there are aspects such as the social imposition of a double burden on women (both work-related and domestic) which prevents them from having the flexibility to approach bank branches; the lack of financial knowledge about the products they need; self-exclusion from the financial system, among others. Thus, the reasons that lead women to become entrepreneurs are different from those that lead men to become entrepreneurs. That is, women usually start a business out of necessity, while men do so out of opportunity. In this sense, LAC presents high rates of women's entrepreneurship as compared to other regions, with Ecuador, Chile, Brazil, Guatemala, and Colombia leading the way (GEM, 2018). Studies point to greater informality of women enterprises, lack of adequate financing for women entrepreneurs to start or expand their businesses, domestic and caregiving tasks that take time away from women entrepreneurs to devote to business and training, and gender roles and bias as some of the causes for women to start fewer businesses than men, or to be included in official data to a lesser extent. It is critical to implement contrarrest barriers, or glass ceilings, that limit the number of women in decision-making and senior management positions, which also reduce the number of businesses classified as women MSMEs, especially the larger they are. As a result, companies owned or led by women in the LAC region tend to be smaller, younger, more concentrated in services, and less capital-intensive than those owned by men.

Although the above context occurs in the private sector (as it is connected to financial institutions [FIs]), it is closely related to the public sector. Thus, initiatives can be developed that invite FIs to design financial products focused on women, rethink their non-financial services, and measure their sex-disaggregated client portfolio, etcetera, not only from the point of view of public policies, but also from the role that entities such as national development banks (NDBs) have.

(1) See <https://www.smefinanceforum.org/data-sites/msme-finance-gap>.

(2) As a best practice, the definition of a woman-owned enterprise suggested by the International Finance Corporation (IFC) has been adopted, according to which such companies are those in which at least 51 percent of the capital is in the hands of women, or those in which one or more women own at least 20 percent of the capital and have: i) at least one woman in the position of chief executive officer, chief operations officer, president, or vice president of the company and ii) at least 30 percent of the board of directors is composed of women (IFC, n.d.).



Although there are data that provide approximations of the marked gender gap in financial services, it is important to keep in mind that they may be underestimated with respect to the size of the gap. Therefore, the data included in this document must consider the limitations of these databases and sources of information. In this regard, although 54 percent of the population over 15 years of age in LAC has an account with an FI, only 8.5 percent of women and 10.7 percent of men had access to a loan in 2017. Looking at the destination of the loans, only 4.7 percent of women borrowed from an FI to invest in their business, compared to 6.6 percent of men (World Bank, 2017). This last figure is explained not only because, when compared to men, women have a lower proportion of business ownership and leadership, but also because they have more restrictions in accessing loans.

Having access to financing, and making use of it, is fundamental for the creation, development and expansion of any business. But it is especially relevant for micro, small and medium-sized enterprises (MSMEs), which often do not have other viable financial alternatives. Indeed, 30 percent of women MSMEs in the region face financing constraints, and account for 9 percent of the formal financing gap of all MSMEs, that is US\$91,921 million. On average, the percentage of women MSMEs with some type of financing restriction (total or partial) is higher than that of men-owned MSMEs, with a gender gap of 5 percent, in the region. In addition, informal demand for financing in the region amounts to US\$756,129 million, with a significant representation of women enterprises. Therefore, there is a considerable need for financing to be met by MSMEs in the region in general (the amount of which is equivalent to 20 percent of the gross domestic income)⁽³⁾ and by women MSMEs in particular.

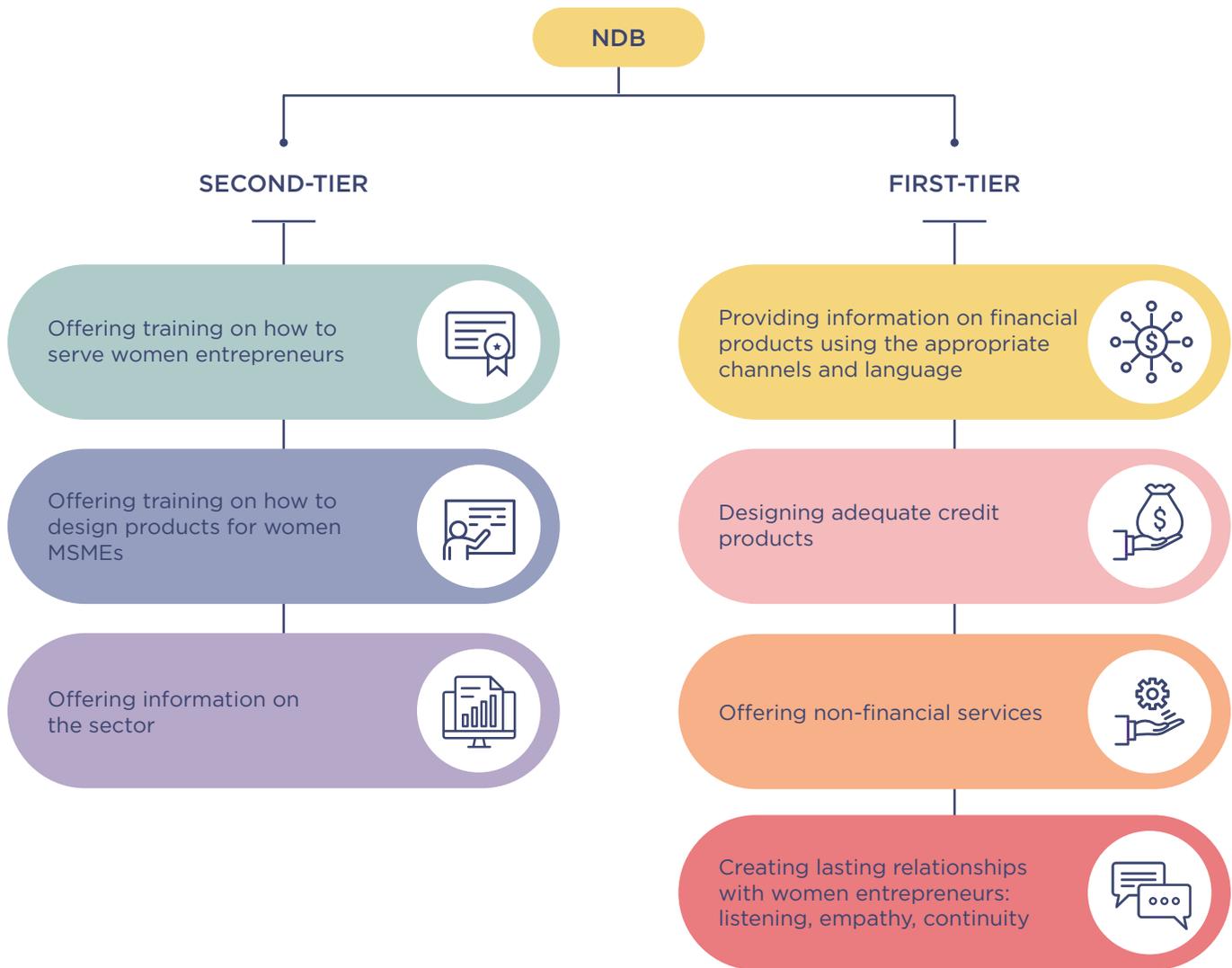
The existence of barriers to formal credit for women MSMEs is detrimental to their existence, survival, and growth, and it affects their capacity to create employment and value, which influences the economy as a whole. Therefore, NDBs have an especially important role to play in understanding the dynamics of both the supply and demand for credit for women entrepreneurs and their businesses, so they can step up and improve their financial inclusion.

Considering the challenges faced by women in areas such as financial access, the Inter-American Development (IDB) Group (IDB and IIC, 2021) highlights the importance of working with gender equality, diversity, and inclusion as one of the transversal topics in their Vision 2025. In this sense, the Vision states the importance of designing programs focused primarily on gender equality and women's empowerment to co-finance women's initiatives, looking for ways to increase financing to support women-led enterprises, promoting policies that expand access to credit for women entrepreneurs, and improving access to financial systems for women of all economic backgrounds in the region (IDB and IIC, 2021).

⁽³⁾ See <https://www.smefinanceforum.org/data-sites/msme-finance-gap>.



FIGURE 1 ► Opportunities for NDBs to Improve the Self-Limited Demand for Credit of Women MSMEs





SELF-LIMITED DEMAND FOR CREDIT

of Women MSMEs

- 2.1 National Development Banks as First-Tier Banks
- 2.2 National Development Banks as Second-Tier Banks



2.1 National Development Banks as First-Tier Banks

To promote the demand for credit, NDBs can offer information, training, and business tools to women entrepreneurs. In addition, partnering with financial technology (fintech) companies and other key players through technology, NDBs can bring women entrepreneurs, in a simple and flexible way, closer to the financial products available in the market, empowering them to make financial decisions in a responsible and safe way.

🕒 Financial Products Focused on Women

Some of the women requiring financial products are not approaching FIs to apply for credit because they do not perceive that the value of the products available outweighs the costs of going through the entire application process. In other words, there are women entrepreneurs who, if they could find suitable financial products, would be willing to take on debt. Therefore, one way to promote demand is to understand their needs and design financial products accordingly. Based on local market research, this means offering loans whose amounts, repayment periods, collateral and guarantees required, interest rates, items to be financed, information requirements, and other elements are adapted to the reality of women entrepreneurs.

For example, women entrepreneurs whose goal is to invest in technology often encounter obstacles to financing. Understanding women MSMEs' access to and use of technology is fundamental for financial inclusion for two reasons: i) barriers to accessing finance also limit women entrepreneurs' access to technology; ii) lower access to and use of technology tends to make women MSMEs less productive, and therefore less attractive to FIs. Therefore, the NDBs have room for intervention in promoting access to and use of technology by women MSMEs, thus improving their financial inclusion. Within the ways of financing suitable for the acquisition of technology by women MSMEs are factoring and leasing. In addition, there are already examples of innovative practices for financing equipment and other technological goods in a way that is accessible to women MSMEs, for example, by using the goods to be financed as guarantee and paying the loan directly to the seller.

🕒 Information about Financial Products

One of the main ways to improve demand for credit is to provide potential women clients with information on the financial product alternatives available in the market, especially those products designed for women MSMEs. For this purpose, different communication channels should be used, and the ones most used by each type of



woman entrepreneur should be considered: Either on-site at the FI's offices, through blogs or newsletters, on the institutional website, or through social media and platforms that put all the products offered by the market in one place. Another way is to use applications and different technological solutions to partner with fintech companies. In this sense, a suggestion for NDBs as first-tier banks is that they should consider the principle of sharing information through referrals or peers. It is particularly important for women that information is conveyed in plain language and that this is done by other women so they can see themselves reflected. NDBs can promote sessions where women entrepreneurs talk about their experiences and cases, using financial products for which they want to have a larger women portfolio.

🕒 Non-Financial Services

The majority of FIs with a portfolio dedicated to MSMEs offer non-financial services that improve the profile of their clients. The goal of these services is to meet the specific needs of women entrepreneurs, since they have less exposure to knowledge of financial concepts, less training in business management, fewer professional contacts, low levels of confidence in their own abilities, greater aversion to risk, and limited time to devote to training and to the business. Non-financial services should be connected with the financial products offered by FIs as much as possible, especially in the case of financial education, so clients can see a direct application of the services they receive.

Women entrepreneurs see these products positively as part of the value offered by FIs, which makes their relationship with the bank deeper. Therefore, they should be designed after a market study that reveals the needs of local women enterprises, considering the different segments of women entrepreneurs as well as their intersectionality, and with clear objectives regarding what they are expected to contribute to the FI (increase in clients, increase in profits, greater client loyalty, reduction of portfolio risk, etc.). Financial services to boost credit demand include the following:

- **DIGITAL BUSINESS TOOLS:** Digital solutions can be offered that allow for simple, digital creation of financial statements, running business finances and low-cost access to other business management products, directly or together with fintech companies. In this way, women entrepreneurs can improve business management, and increase the likelihood of receiving loans from financial institutions in turn. This is the solution offered by BanhJi in Cambodia through a simple program, but with the capacity to produce multiple accounting reports, giving value to different key performance indicators. BanhJi allows connecting the needs of MSMEs with independent accounting professionals through a platform, which in turn has the potential to connect with the financial ecosystem to make decisions on loans, and subsequently to see their evolution in real time. In LAC, ContaAzul is a Brazilian fintech that offers a platform to connect small businesses with their accounting and documentation requirements as demanded by banks and governments.



- **FINANCIAL ADVICE AND EDUCATION:** To boost the confidence with which women entrepreneurs make their financial decisions, training can be offered on the subject. They can also be supported by personalized advisors who understand the way women entrepreneurs interact, creating trust-based relationships. For example, through the We Initiative program website, the BLC Bank of Lebanon offers non-financial services, including the opportunity to contact specialists at no additional cost (Berfond et al., 2014). Another strategy that NDBs can use in their role as first-tier banks is to bring financial education content just when the client is purchasing a financial product. In other words, considering teachable moments, since this is when women entrepreneurs are most likely to apply the acquired knowledge, while practicing the principle of “learning by doing.”
- **BUSINESS MANAGEMENT TRAINING:** Receiving training that allows women entrepreneurs to manage their businesses more efficiently and that boosts their confidence as entrepreneurs can increase the demand for credit. In Chile, BancoEstado developed the CreceMujerEmprendedora (grow woman entrepreneur) online community to expand the level of support offered to women entrepreneurs and to save them time. The community is open to both clients and non-clients, and offers training resources, relevant articles and registration to attend business events. In addition, the platform features profiles of successful women entrepreneurs, as well as other women who are an inspiration for users.⁽⁴⁾

◎ Relationship Building with Women Entrepreneurs

Women entrepreneurs tend to look for a close and particular relationship when dealing with the different parts of their businesses rather than mere transactions. Therefore, credit personnel must know how to listen to them and create a trust-based relationship, which goes beyond financial information, through empathy. Devoting time and personalized information to them, giving continuity to conversations and respecting their decision-making times are some of the practices that make women entrepreneurs feel more comfortable at the FI. As a result, they will be more likely to return and consider purchasing financial products that meet their needs. In short, marketing to attract women entrepreneurs must go together with an appropriate experience when they approach the institution (either on-site or virtually). At the same time, women tend to refer more women than men to their banking institutions if the latter provide them with a service that meets their needs. In the long term, they create loyal bonds with their financial institutions, which must be continually honored by providing services and products that respond to their life cycle.

⁽⁴⁾ This is a case study by the Financial Alliance for Women.



2.2 National Development Banks as Second-Tier Banks

National development banks can work with intermediary FIs to encourage demand for credit from women MSMEs as well.

① Training on How to Better Adjust to Women Entrepreneurs

NDBs can offer training to senior management, commercial positions, and other FI employees to raise awareness of the unique conditions faced by women MSMEs with respect to credit and other financial products, as well as the expected benefits to the institution for serving them appropriately. For example, banks can be supported in developing skills such as listening, providing solutions, and understanding women's perception of risk and their decision-making process. These training efforts facilitate the acceptance and good management of financial resources made available to FIs to serve women MSMEs.

① Training to Design Adequate Products and Services

Once the specific needs of women MSMEs in general, and those of the local market in particular, are understood, NDBs can support commercial FIs in designing value-added products that fit the reality of these clients. The role of NDBs on this front could serve as a guide to encourage FIs as to what to include in the design cycle of financial products and services for women; that is, the best practices that can be collected and exchanged by NDBs is the added value that these banks can provide to first-tier institutions.



Box 1:

WOMEN ENTREPRENEURSHIP BANKING

Women Entrepreneurship Banking (weB) is an initiative created in 2012 by the Inter-American Development Bank Group (IDBG), which combines financing resources, technical assistance, and knowledge to support women MSMEs through financial intermediaries. This initiative, which has supported more than 21 banks in 12 countries in the region, provides assistance and guidance in the design of financial products such as bank accounts, deposits, loans, and insurance, along with the design of non-financial products and services for women enterprises, such as training, mentoring, and networking.

The work of weB includes centralizing loans made by the different windows of the IDBG (IDB, IDB Invest, IDB Lab) to revitalize lending to women enterprises. A review concluded that the program incorporates a vertical logic connected to gender issues with more robust elements than those loans channeled outside the program.

One of the interventions carried out with weB was in El Salvador, where support was provided to Banco G&T Continental to adjust the loan assessment process, improve risk management capabilities, and adapt systems to manage new women-oriented financial products. This support also improved the monitoring of MSMEs' performance and provided training and incentives for bank employees. Awareness was also raised about the different financial products for small women-led enterprises. The results of the initiative were published in order to promote similar implementations in the future. Thanks to this support from the weB program, Banco G&T Continental designed the Línea de Crédito G&T Mujer (G&T Woman Credit Line), which includes financial support (for working capital, medium and long-term investments, and debt consolidation), technical support (training courses offered by national and international consultants), and marketing support through a platform for women clients' products (IDB Invest, 2020).

🕒 Strengthening the Generation of Knowledge about Women MSMEs

In addition to mobilizing financing, NDBs play a fundamental role in the production of information and the generation of key knowledge to improve the understanding of women MSMEs as a differentiated segment for FIs. NDBs can carry out market research to allow FIs to understand what sectors women MSMEs are operating in, what are their financial needs, what communication channels they use, what sub-segments can be found, and other key information to understand them. In this sense, the European Bank for Reconstruction and Development, through the Women in Business program,



offers FI intermediaries market research to identify bottlenecks and opportunities to serve women MSMEs; makes available good practices and lessons learned on women's banking; facilitates the participation of specialized communities such as the Financial Alliance for Women; and designs technical assistance packages tailored to the needs of each intermediary FI. The ultimate goal is leveraging the financing available to women MSMEs in 18 European countries. At the same time, NDBs can also invite their research teams to conduct case studies that highlight good practices in terms of what works and what does not in serving the women entrepreneurs' market, with the purpose of decreasing the learning curve within FIs in the process.



LIMITATIONS OF THE OFFER OF CREDIT

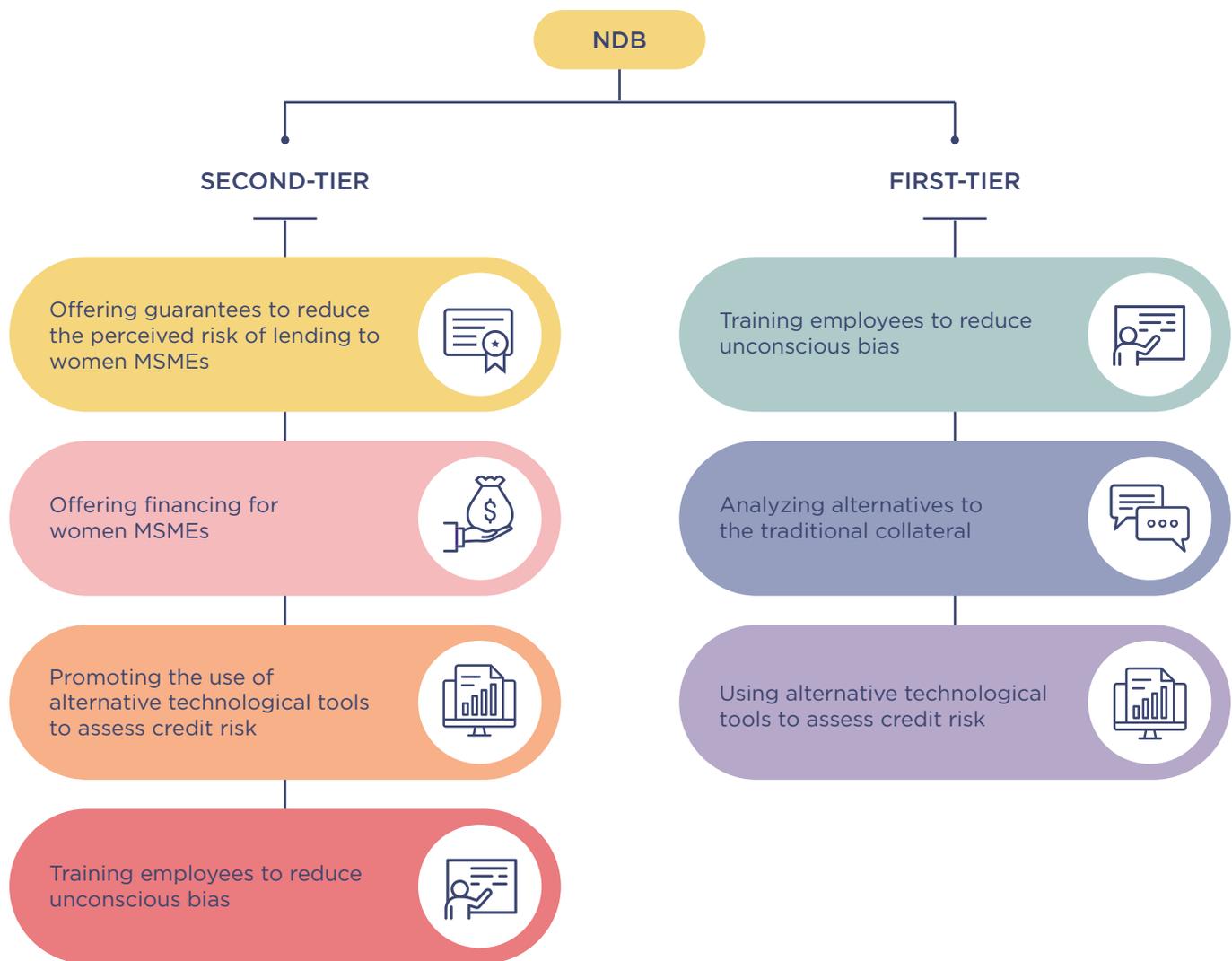
for Women MSMEs

- 3.1 Opportunities for National Development Banks to Improve the Offer
- 3.2 Opportunities for National Development Banks to Improve Offer Conditions



Once women entrepreneurs decide to apply for a loan, they tend to encounter obstacles to receiving it under favorable conditions, such as in amount, rates, and terms. FIs may deny the loan altogether or offer a loan with characteristics that do not meet the needs and realities of women MSMEs. This section presents some of the causes and good practices for adapting the offer of credit to this segment.

FIGURE 2 ► Opportunities for National Development Banks to Provide a Larger Credit Offer to Women MSMEs





3.1 Opportunities for National Development Banks to Improve the Offer

⦿ Risk-Sharing Guarantee Schemes for Financial Institutions

One of the main ways in which NDBs can strengthen financing for women MSMEs is to encourage FIs through financial products and knowledge strategies on how to serve the women's market. This can be done through innovative products, such as guarantees, that help lower FIs' perceived risk of working with this sector. Women MSMEs have less information available on their credit history and accounting, which are precisely two of the main sources used by commercial banks to estimate a client's risk of default. In addition, banks claim that they incur in diseconomies of scale in credit scoring of MSMEs, since they are involved in numerous low-amount operations (Ferraro et al., 2011). Therefore, to reduce their exposure to risk, commercial FIs ask for collateral or guarantees to cover part or all of the loss in case of default and set up high interest rates. Consequently, NDBs may act by offering guarantees to commercial banks to cover all or part of the perceived risk of lending to women MSMEs.

This publicly guaranteed debt for women MSMEs may allow for financial additionality (increased financing and better conditions for these companies) as it looks for economic additionality (strengthening the activity of these MSMEs, in terms of growth, employment generation, etc.). In addition, by encouraging commercial banks to operate with women MSMEs, their knowledge of the behavior of this segment is improved, which may translate into a choice to serve them without the need for external support.

One area where guarantees play a particularly important role is in export credit. 76 percent of the region's exporting MSMEs consider access to financing to be one of the main barriers to their export activity. In particular, women MSMEs are still underrepresented in local and global value chains and export markets. Therefore, as an example of export credit support, the International Finance Corporation (IFC), through the Global Trade Finance Program (GTFP), extends and complements the capacity of FIs to offer business finance through partial and full guarantees. These guarantees are for specific transactions that may show through a variety of instruments, such as letters of credit, promissory notes, bills of exchange, among others. Projects that also have a positive impact in terms of climate change may receive preferential terms.⁽⁵⁾

However, experiences with publicly guaranteed debt in LAC are heterogeneous and not always successful. The problems are mainly because of insufficient coverage (El Salvador, Chile, and Mexico, with rates that vary between 30 percent and 40

⁽⁵⁾ See https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/global+trade/gtftp.



percent), complexity in execution (Brazil with the Guarantee Fund for the Promotion of Competitiveness), differentiation of patterns in the selection criteria (for example, export and internationalization), and even delays in the payment of such guarantees. Although there have been reforms in the guarantee schemes of LAC countries to improve their operations, it is important that NDBs use the lessons learned and design reliable, operational, and risk-controlled guarantee schemes.

🎯 Specific Financing for Women MSMEs

NDBs can leverage the credit available to women MSMEs as second-tier banks through financing to intermediary FIs. Whether in general lines of financing, including incentives to select women MSMEs as clients, or through specific programs for these companies, the ultimate goal is to create knowledge in FIs about the preferences, needs, and credit risk of this segment so they become aware of the importance of including the women's market and designing their own financial products to serve them.

Offering exclusive financing for women MSMEs allows development banks to revitalize the market and encourage commercial banks and other FIs to serve women more effectively. In the same way, having financing for women MSMEs gives financial institutions the opportunity to get to know the market niche better and thus work more cohesively with it.

Box 2:

IMPROVING ACCESS TO MORTGAGE CREDIT FOR WOMEN

With the exception of a few cases, housing finance systems in LAC countries are small compared to those in other regions (Domínguez et al., 2017). Housing loans are not only for purchase, but also for extension, improvement, or fix-up. In LAC, only 4 percent of women over the age of 15, compared to 6.8 percent of men, have an active mortgage account (World Bank, 2017). For example, in Mexico, in the purchase of new and used homes, almost twice as many men as women obtained a loan³, and in Colombia, the value of unmet demand for this type of loan for women is estimated at US\$23 million. It is more difficult for women to access financing for housing than men, considering that they have less access to collateral in general, own an exceedingly smaller percentage of land, and have lower average incomes. This is especially true for purchases, considering the down payment requirements. Since housing is one of the assets accepted as collateral or guarantee by FIs, this limited access to financing



to purchase a house also limits access to financing for other purposes. In addition, having adequate housing improves the working and personal conditions of women entrepreneurs, which in turn has an impact on their businesses (in the case of productive housing, for example). Therefore, it is necessary to boost the creation of housing loans designed for women.

To encourage mortgage credit for women, NDBs can offer loans with interest rate ceilings for end users, subject to different household income profiles. These interest rate subsidies are expected to mitigate the risk assumed by FIs and reduce the future financial burden on end users, thus increasing both the supply of and demand for credit. There are also down payment subsidies, whose main purpose is to supplement the savings of end users to cover the down payment on housing (20 to 30 percent of their value). Another tool that FIs can offer is insurance or subsidies for the purchase of private insurance in the event of default by clients. In this way, they try to stimulate a lower interest rate and a greater offer of housing credit.

Along these lines, the Asian Development Bank (ADB) in Kazakhstan approved a loan for financial intermediaries directed precisely to mortgage loans for women, 60 percent located in rural areas and 20 percent of the total loan for low-income women. The ADB would offer loans to women, independently or together with other lenders, for the purchase or renovation of a house. This loan was supported by technical assistance to strengthen the areas of risk management, internal audits, product development, and setting up a system to monitor sex-disaggregated data in the intermediary institution. In the region, the Primera Casa Mujer (First Woman's House) program was created in Buenos Aires, Argentina, which since 2012 grants more points to single, divorced, or widowed women, with or without children, to be considered for housing loans.

While it should be noted that these concessional and preferential conditions for women work for massification and momentum in the initial stages of a program, they do not have as much impact or sustainability on their own. This means that serving the women entrepreneurs' market tends to be more effective to the extent that programs are designed and customized according to the economic sector, the stage of life, and other similar factors.

^a See <https://www.animalpolitico.com/blog-invitado/brechas-de-genero-en-el-financiamiento-para-la-vivienda>.



⦿ **Accepting an Accessible Collateral by Women Entrepreneurs**

Women tend to accumulate a much smaller proportion of real estate assets than men, which restricts their access to financing, since FIs request this type of traditional guarantees. Therefore, it is a good practice to look for and accept alternatives to the collateral that is traditionally required with loans. Personal property to which local women have access to is an option, as long as the legal and registration system allows. Personal property includes, among other types, inventory, accounts receivable, livestock, crops, equipment, and machinery. This type of collateral not only increases access to financing for MSMEs but also diversifies and extends the liquidity of financial institutions' assets. To see which personal property would increase access to financing for women MSMEs, it is necessary to conduct a market study that includes different sectors. This is particularly relevant in the agricultural sector, where the associated risks mean that the value of the collateral required by commercial banks is extremely high, exceeding the size of the loan by 200 percent, or carrying high interest rates. For this sector, unconventional collateral could include livestock, crops, warehouse receipts, contracts, equipment, and other movable assets, including the asset to be financed. Examples include the Nigeria Access Bank, which considered jewelry and household appliances as collateral for women entrepreneurs; similarly, banks accept gold jewelry as collateral for loans in Sri Lanka. For furniture to be accepted and used as collateral, there needs to be a reliable record of the value and last person in possession. NDBs can strengthen these offices and their work with intermediary FIs.

NDBs can also engage in financial innovation directed at overcoming common barriers for women entrepreneurs to access financing. An interesting example is the micro-leasing for income-generating assets in Pakistan. The Network Leasing Corporation, instead of offering loans, buys assets for different productive activities, such as sewing machines, refrigerators, computers, and livestock, and leases them to their clients for periods of three to five years. In this way, they try to relieve the collateral barriers that FIs usually require in order to grant loans. It is a viable model because rental prices are market prices.

⦿ **Offering Tools to Reduce Unconscious Bias**

Bias is the product of previous experiences and social and cultural stereotypes and affects absolutely everyone. Gender bias is a type of unconscious bias that involves the preference of one gender over another. In the financial sector, many studies have shown that loan officers are affected by conscious and unconscious bias when granting loans, and that this results in a greater rejection of requests from women and women entrepreneurs, which cannot be fully explained by the characteristics of their business. These biased decisions result in lost profitability and costs of opportunity for FIs, as they exclude clients who are actually profitable and good payers. A study conducted in Chile



found that the unperceived benefits associated with gender discrimination through bias accounted for 9.9 percent of the expected benefits derived from approved loans.⁽⁶⁾

Therefore, there is room to work on reducing this negative impact of bias on the final credit decision, from training to make unconscious bias visible and to know it is active even when the individual considers him or herself to be objective, to techniques and tools to check whether the decision to accept credit and the conditions are being detrimental to women. NDBs can use training and tools within their organizations and also support commercial FIs to apply them. However, it is important to conduct more detailed studies to identify whether the bias is conscious or unconscious. This is fundamental because, in the first case, it is more difficult for interventions to be effective since they can be traced back to more structural reasons of the individual (social and cultural). However, when bias is unconscious, it can be corrected through interventions such as showing loan officers cases of women who have been successful in their business, in order to allow connecting women entrepreneurs with the positive attributes of receiving a loan.

🕒 Exploring Alternative Credit-Scoring Tools

Due to the limitations of traditional sources of information on the credit history of a significant part of the population, including that of women MSMEs, some fintech companies are becoming alternative sources of information to create risk profiles of potential clients. On one hand, algorithms can be used to combine information on, for example, retail payments, utility payments, cell phone and social media usage, and credit bureau data to obtain a more complete approximate value of the financial risk of clients with little traditional credit information. Algorithms are a set of rules designed to solve problems using a series of mathematical calculations that, in relation to financial services, return an assessment of a client's credit risk. Algorithms compare each client with those who have similar characteristics in the database, thus setting a predictive average of their behavior and ability to pay. Since they can perform the analysis quickly and without involving any human beings, algorithms are useful in making small loan decisions, as the latter are usually associated with a high cost according to the traditional way FIs work.⁽⁷⁾

Another alternative is the use of a psychometric test to assess the personality, intelligence, and integrity of loan applicants, a modality that makes it possible to identify two of the key elements in assessing a borrower's risk: ability and willingness to repay. This tool allows for the assessment of a large number of clients at a low cost. Developed by the Entrepreneurial Finance Lab, the test yields a three-digit number on the credit risk of the (potential) small and medium-sized enterprise (SME) client, which can be used by FIs to set up a cut-off line or to modify interest rates, size, and other elements

⁽⁶⁾ See https://www.cmfchile.cl/portal/estadisticas/617/articles-28177_doc_pdf.pdf.

⁽⁷⁾ See <https://www.cgap.org/blog/algorithm-bias-credit-scoring-whats-inside-black-box>.



of loans. The application in Peru in a pilot experience supported by IDB Invest (Arráiz et al., 2018) showed that MSMEs with a poor credit history through credit bureaus, such as women MSMEs tend to be, were the group that most increased the loans received. But it was also concluded that the best decisions are made by combining the information available in the information centers with the psychometric test results when traditional sources are insufficient to assess the credit risk of clients.

The gender perspective remains relevant in these new solutions. Given that women traditionally receive less credit, algorithms based on historical data use this information and perpetuate it, even if the gender of the applicant is not explicit in the equation. In fact, the latest evidence states that not including client gender as a variable, in order to be neutral and avoid bias, actually causes effects contrary to those expected. In this sense, a study by the UN Foundation and the World Bank points out that creating different lending models for men and women allows a greater number of loans to be granted to women than through general models that do not include borrower gender. In other words, learning about the differences between men and women as FI clients, both at the individual and corporate level, should be transferred to banking and to digital financial solutions.

A case study in the Dominican Republic by the Financial Alliance for Women⁽⁸⁾ and the National Savings and Loan Association (ALNAP, for its acronym in Spanish) showed that, using their credit-scoring model variable and incorporating artificial intelligence, a complex set of interactions between gender and other variables can be developed. In this case, the ALNAP had already developed a score based on sociodemographic characteristics to provide loans to low-income women with no credit history, and now that payment history is being used to build a credit credit-scoring that introduces an innovation to account for the ways in which gender interacts with other model characteristics. In this model, they found that about 80 percent of women obtain higher credit scores than in an equally sophisticated machine-learning model that includes the gender variable, but it is not estimated separately for women and men. These types of experiments may also incorporate information such as people who have subscriptions to online video games or online TV services and cell phone data (only for clients who consent to merge payment data to build the credit-scoring model). Data from cell phone and other services includes anonymized data on when calls are made and when phone balances are charged again, for example, revealing information about communication patterns, social media, and financial behavior.

Machine learning must therefore be re-educated to prevent perpetuating, or even increasing, bias against women in financial markets. Indeed, if the people who code, test, commission, and use an algorithm are not aware of this potential bias, they tend to reproduce it. That is, while it is not possible to ensure that loan officers are not influenced by conscious or unconscious bias, algorithms can be modified to be as unbiased as

⁽⁸⁾ See <https://financialallianceforwomen.org/news-events/gender-differentiated-credit-scoring-a-potential-game-changer-for-women/>.



possible. To reduce potential bias, it is imperative that coding teams are diverse and trained in gender perspective. However, in some countries, there are regulations that prohibit the incorporation of certain variables in the algorithms, such as the gender or race of clients, which makes this equitable design more difficult. In any case, FIs, and especially NDBs, that use algorithms to predict the credit risk of their clients must be aware of the variables being considered and the potential bias being reproduced. Periodically reviewing the results of using algorithms is one way to assess whether they are working for greater financial inclusion or whether they are perpetuating barriers and bias against groups such as women and their companies.⁽⁹⁾

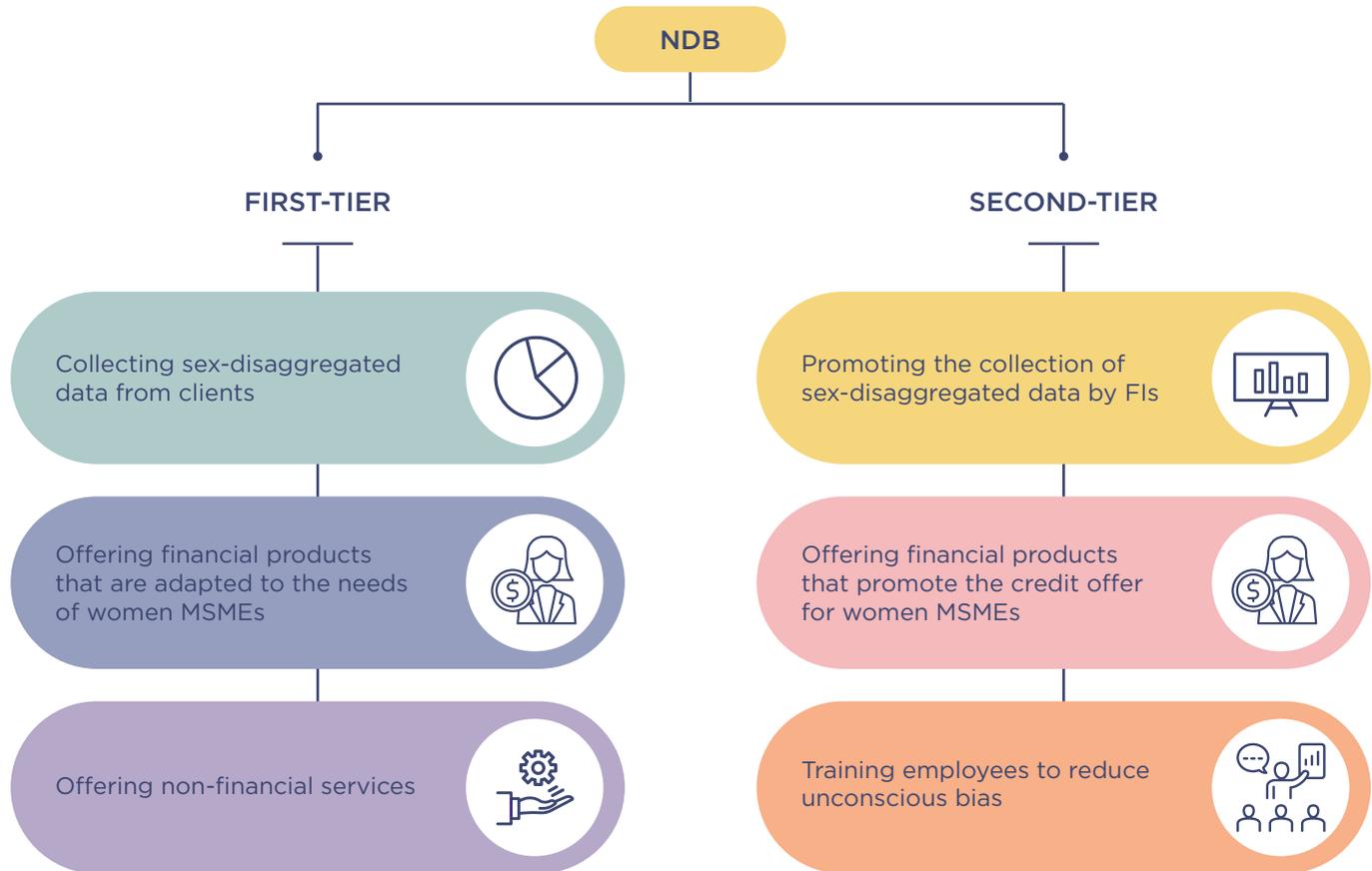
3.2 Opportunities for National Development Banks to Improve Offer Conditions

Women entrepreneurs that receive a loan tend to feel they have less favorable conditions than men related to the amount, rates, and terms. It is important for FIs to offer products that respond to women's needs. The following are some of the causes and good practices for improving the offer of credit to this segment (see Figure 3).

⁽⁹⁾ See <https://www.cgap.org/blog/algorithm-bias-credit-scoring-whats-inside-black-box>.



FIGURE 3 ► Opportunities for National Development Banks to Adapt the Credit Offers to Women MSMEs



🕒 **Collection of Sex-Disaggregated Data⁽¹⁰⁾**

AS FIRST-TIER BANKS

Without data, it is not possible to know the reality of women MSMEs in terms of access to financing and specific needs and preferences. Without data, it is not possible to create a business model to serve them adequately, or to know how they are being served and what their financial behavior is. By investing in technological systems, employee capacity, and cultural change, sex-disaggregated data can be collected to inform the design of holistic financial products and programs of value to women MSMEs. Indicators can also

⁽¹⁰⁾ This point is particularly relevant to understand and address all the constraints introduced, especially on the offer side.



be monitored to know the success or profitability of such programs and products. In the case of NDBs, collecting, measuring, and analyzing sex-disaggregated data is critical to understand whether their financial inclusion work is being effective, and as such to design effective programs for them. Best practices suggest the following steps to set up the capacity and culture for collecting sex-disaggregated data.

STEP	CONSIDERATIONS
Institutional framework	The data collection strategy must be in line with the institutional strategy, and resources must be assigned for the implementation of these initiatives. Likewise, an area of exclusive responsibility should be assigned to collaborate across with other divisions.
Self-diagnosis	<p>The NDB should know where they are starting from in the collection of data by answering the following questions (UNCDF, 2019a).</p> <p>Do we collect sex-disaggregated data from the information provided by our clients/beneficiaries (among others)?</p> <ul style="list-style-type: none"> i) Data from our clients and beneficiaries by gender, age, geography, type of client (individual, SME). ii) Number of new clients/beneficiaries. iii) Size and volume of credits granted. iv) Overdue accounts by holder gender. v) Profitability of our products. vi) Satisfaction surveys by the end client. <p>If the answers are negative, it is important to understand whether it is an IT or organizational culture problem and solve accordingly.</p> <p>If the answers are positive, it is critical to investigate: How should this information be collected? How can it be used? Should a standardized collection methodology be followed? Should training be conducted on how to collect, disaggregate, and use the information?</p>
Baseline	To measure the evolution of financial inclusion of women MSMEs through NDB interventions, there must be a starting point. This first information may have to be constructed manually if data had not been disaggregated by sex before.
Technology	Data collection and analysis should be as automated as possible; the information technology (IT) department should be involved from the first moment the decision is made to work with disaggregated data for decision-making within the NDB. Computer systems should be able to disaggregate the beneficiaries of their programs by sex, assigning the value of basic indicators to them. If this is not possible, it is worth investing in technology modifications to begin these practices.
Training	For data collection to work, teams must be trained in the importance of collecting such data, the methodology for collecting it properly, and the use of the data for decision-making.



Goals	It is advisable to set up short and medium-term goals, so projects and programs are designed with the idea of reaching these goals for women MSMEs' access to financing. Best practices also set goals for non-financial services.
Incentives	By having metrics available, it is possible to assess the performance of employees according to the evolution of key indicators in access to financing for women MSMEs.

An example of the value of collecting and analyzing disaggregated data is the experience of BancoEstado in Chile. Although this institution has been a pioneer in considering the women's market as a segment with its own characteristics, they observed that gender gaps still persisted in access to financing in 2012. In fact, women represented only 35 percent of the credit volume in Chile's financial system, and 58 percent of credits were mortgages, with little representation of business and consumer credit. In addition, only 31 percent of the country's MSMEs were owned by women in 2011. This macroanalysis was shown in their portfolio. Disaggregated data showed that, while 53 percent of their clients were women, this figure only represented 39 percent of micro-enterprises receiving financing, and 17 percent of small enterprise clients in 2014. With this data, senior management committed to designing a more comprehensive value proposition for women enterprises to improve their presence as clients. With this purpose, senior management worked internally by training sales employees on how to identify women's financial needs and thus offer more appropriate products and services. In addition, BancoEstado developed an online tool, Ruta de la Emprendedora (women entrepreneur's route), which tries to connect the needs of women clients with the most appropriate financial and non-financial products available from both the bank and government. Finally, the bank incorporated a 10 percent discount on the interest rate for loans to micro and small enterprise clients. While BancoEstado already had a considerable women base in their portfolio, an in-depth data analysis, accompanied by market research, allowed them to recognize there was room for improvement to adequately serve women and women MSMEs (see Financial Alliance for Women). In short, NDBs should complete the following:

- **COLLECT SEX-DISAGGREGATED DATA:** To gain a deeper understanding of who makes up the universe of clients and beneficiaries. This implies recognizing and knowing the existing sub-segments in the market of women and natural persons, as well as in women MSMEs, since this is not a homogeneous segment.
- **MONITOR INDICATORS:** Set up indicators on the presence of women and their MSMEs in the different portfolios, the evolution of products for each type of client, and the financial behavior of each segment. Indicators should allow NDBs to understand whether they are closing the gender gap in their products and programs, and promoting financial inclusion, which is their ultimate goal.



- **MAKE DATA-DRIVEN DECISIONS:** Disaggregated data and the evolution of set indicators will allow NDBs to make decisions on existing products and programs, or to design new programs, as a first and second-tier bank, to strengthen the financial inclusion of women MSMEs.

AS SECOND-TIER BANKS

In the LAC region, 51 percent of banks do not collect basic information from their clients, and of those that do have data, only half use it for decision-making (Oueda, Murphey, and Mayoral, 2018). Therefore, NDBs can work with these intermediaries to raise awareness on the importance of this data collection, supporting them from a technical and financial point of view if necessary. In this sense, one of the relevant functions of NDBs is to set up key definitions, such as “woman-owned enterprise” or “SME” that adjust to the reality of the country, but that are as close as possible to international definitions, such as the one set up by the IFC.⁽¹¹⁾ The following are key actions that can be carried out by NDBs to improve the collection of disaggregated data by financial intermediaries:

LIMITATIONS OF FIs	ROLE OF THE NDBs
Lack of awareness of the possibilities and benefits of capturing disaggregated data from their clients.	<p>Providing training and awareness-raising sessions on why women MSMEs are a distinct segment and capturing data on how they are being served allows them to see and consider market opportunities.</p> <p>Providing input from knowledge management and the development of studies using segmented data and pointing out how these have been a business opportunity for FIs.</p>
Need to invest in new technology or adaptation of old technology.	Offering financing and technical assistance for the installation of new technologies, or the adaptation of old technologies, that allow the sex disaggregation of data, among other categories.
Need for training in the collection and use of disaggregated data.	Providing training for both senior management and loan officers on decision-making based on key data and indicators, directly or together with partner organizations.
Lack of incentives to serve the MSME market (due to being unaware of the market opportunity they represent, and/or lack of competition).	Connecting NDB credits to FIs to the proportion of sex-disaggregated data.

⁽¹¹⁾ As noted in the introduction to this paper, the IFC defines a woman enterprise as one in which at least 51 percent of the capital is in the hands of women, or in which one or more women own at least 20 percent of the capital and have: i) at least one woman in the position of CEO, COO, president, or vice president of the company and ii) at least 30 percent of the board of directors is composed of women (IFC, n.d).



Taking the first step in data collection is often the most difficult. This is especially true in emerging markets, where there is still a large proportion of this segment unserved, and commercial FIs do not feel competitive pressure. Therefore, the activities and agenda of donors, such as NDBs, are a relevant motivation to serve this segment (Berfond et al., 2014). The smaller the number of competitors in the financial market, the more relevant the role of NDBs to encourage data collection and serve women MSMEs. Once data collection systems are in place and FIs understand how to use this information for decision-making, they begin to value their availability as they gain a deeper understanding of their clients and can design cost-effective programs accordingly.

Box 3:

SUGGESTIONS TO START COLLECTING DISAGGREGATED DATA WHEN NOT POSSIBLE VIA SYSTEMS

- **USING EXISTING INFORMATION AS AN APPROXIMATION:** BAC Credomatic of Costa Rica reviewed the name of account holders as an approximation to identify sex. In the case of MSMEs, documents that identify the owners can be used to set up the sex.
- **USING MANAGEMENT KNOWLEDGE:** BHD León in the Dominican Republic asked representatives of the relationship area to rank companies according to their knowledge of their client portfolio.
- **SAMPLING:** If not allowed by time and funds, one of the suggested actions is for banks to set up a sample to determine client gender and extrapolate the results.
- **CLIENT SURVEY:** In regular client satisfaction surveys, start asking about sex.

Source: Financial Alliance for Women (2014).

BHD León is a successful example of the road to collecting sex-disaggregated client data and the value they bring to the institution. The institution began by analyzing the behavior of their retail clients and observed that a significant proportion of loans could actually be business loans. However, because the borrowers did not meet the institution's definition of SMEs, they were not assigned a relationship representative. BHD León developed an algorithm based on variables such as income, transactions, and loans with other institutions that allowed them to estimate what proportion of individual clients were using credit for their business. The next step was to identify the gender of their MSME clients. To do this, BHD León took into consideration the gender of the person who owned majority control of the company. With this definition of a



woman-owned SME, they relied on branches to manually collect information that their relationship representatives knew from their interaction with clients.⁽¹²⁾

As shown in this study, fintechs are increasingly relevant players in the financial ecosystem, and potential allies for NDBs and FIs in their work with women MSMEs. However, a study by the Financial Alliance for Women (2020a) revealed that 80 percent of the fintechs under analysis could disaggregate the proportion of clients that were women, but most did not use this data to make decisions. Without this information, both from the external market and from clients and their interaction with the services offered by fintechs, the latter will not be able to design appropriate value propositions for them, such as is the case for traditional FIs. Therefore, in the alliances considered between NDBs and fintechs, as well as between these and intermediary FIs, the collection, analysis, and decision-making based on sex-disaggregated data should be improved.

🕒 Offering Financial Products That Meet the Needs of Women MSMEs

When NDBs act as first-tier banks trying to serve women entrepreneurs, they must respond to market flaws—that is, meeting the needs that commercial banks are not. To understand these areas of action, it is necessary to conduct market research to analyze which groups of women are being neglected or underserved, what the local women entrepreneurs need, and what market offer is. The following is a list of best practices when designing these products.

- **SEGMENTING THE MARKET:** Women MSMEs cannot be treated as if they were a single client. This market has differentiated sub-segments, according to the information revealed by local market research. Thus, for example, Itaú segments women entrepreneurs according to their priorities in terms of personal and business life balance and according to the stage of their life cycle. Garanti Bank (Turkey) uses business maturity to segment MSMEs, offering different financial options and types of training (from basic to a mini-MBA), as well as awards for consolidated domestic entrepreneurs. This incredibly detailed understanding of women entrepreneur clients can be extrapolated to the rest of the bank's clients, allowing the bank to offer products and services that are best adapted to their real needs (Financial Alliance for Women, 2014). It is important to consider not only the heterogeneity of women, but also intersectionality—that is, the needs of a woman who owns a small business are different from those of an indigenous woman who lives in a rural area without access to technology and who is just starting out in her business.
- **MAKING GUARANTEE CONDITIONS MORE FLEXIBLE:** This includes offering credits without collateral or accepting non-traditional collateral (family members as

⁽¹²⁾ This is a case study by the Financial Alliance for Women.



guarantors, jewelry, furniture, etc.). Local market research will inform which assets are more accessible to women entrepreneurs and more viable as collateral.

- **REDUCING COSTS:** Offering loans at lower rates, reducing or eliminating commissions and transaction costs.
- **ALLOWING FLEXIBLE PAYMENT PLANS** that adjust to the liquidity flows of the sector in which the SME operates, especially in the case of MSMEs that belong to the agricultural sector. Adequate market segmentation will allow for a more appropriate design of this part of the financial product.
- **SUPPORTING EXPORTS:** Designing specific products for women MSMEs that export, as they face specific obstacles in accessing markets and financing. Financial instruments include pre- and post-shipment credit, credit for investment in domestic or foreign activities, and guarantees, among others (ALIDE, 2019). Similarly, it is possible to consider investing in the internationalization cycle, which also incorporates product adaptation, packaging, and quality certificates to materialize an export.
- **RECOGNIZING AND IMPROVING THE PRESENCE OF WOMEN ENTERPRISES IN LARGER PROGRAMS:** When financing programs such as production chains of large companies, the strategy must include the financing and support needs of MSMEs, especially those that are women-led or owned. Women MSMEs tend to be underrepresented in these production chains, either due to lack of information on opportunities or a lack of capacity to meet corporation requirements. This in turn is often due to the absence of financing to make the necessary investments to meet such requirements (Chin, 2017). NDBs can support them in the process of becoming part of the corporate supply chain, both with technical assistance and financing. In addition, NDBs can create a database of women MSMEs available to corporations trying to diversify their suppliers. For women MSMEs, having a contract with such corporations can be used as collateral to apply for additional financing in commercial FIs.
- **USING A DIVERSITY OF CHANNELS:** To reach women MSMEs with financial products, it is recommended to use a diversity of distribution channels. Digital and on-site channels should be combined. This includes getting closer to where women clients are,⁽¹³⁾ considering taking mobile units to rural areas where there are no bank offices, as well as using telephone banking and digital platforms. For example, the National Development Bank of Egypt used minivans with loan officers, cashiers, and security personnel to visit different areas of Cairo to collect payments, pay out new loans, review applications, and carry out the rest of their in-office activities. In

(13) Chilean case study by the Financial Alliance for Women.



all cases, loan officers must be professionally trained to communicate according to the needs of women entrepreneurs. If market research advises it, consideration should be given to having women entrepreneurs dealt with primarily by female professionals. Similarly, to inquire about the appropriate methods for women to use financial products is suggested; for example, certain principles of behavioral economics, such as peer learning and learning by doing, have proven useful for the deployment of programs focused on women entrepreneurs.

- **DIVERSIFYING THE CREDIT OFFER:** Women entrepreneurs value products and services that address their financial requirements, such as leasing, payroll services, cash management, cards, payment solutions, insurance policies, and others (Berfond et al., 2014).
- **INCLUDING PERSONAL PRODUCTS:** Women entrepreneurs combine personal and professional life management very closely. Therefore, together with the offer for women MSMEs, it may be advisable to also offer financial products that cover the personal needs of women entrepreneurs. This can be worked out with commercial FIs if they already offer a variety of suitable personal products, such as savings and deposit accounts, overdrafts, consumer credit, retirement plans, medical insurance, maternity and schooling loans, mortgages, and asset management (Berfond et al., 2014).
- **RECOGNIZING CUSTOMER LOYALTY:** This can be achieved through rewards programs, such as points systems and discounts for stores and services when using credit cards. However, care should be taken not to fall into or reinforce gender stereotypes in designing these products, for example, if the offers focus only on fashion stores or salon services for women. Women entrepreneurs can benefit from discounts on care-giving services, travel, or training courses, among others, that show relevant aspects of their personal and professional lives.

Best practices place personalized marketing and distribution channels as key to the success of women MSMEs' programs. This communication, tailored for women MSMEs and fed by local market research, should be carried out through the channels most used by women entrepreneurs, including the most popular social media. Marketing messages and campaigns, as well as the channels used, must consider the market sub-segments identified among women MSMEs,⁽¹⁴⁾ to ensure adequate communication with each client. Likewise, if women entrepreneurs approach the bank's offices, they should receive the treatment expected and conveyed through marketing messages, so employees should be conveniently trained to communicate and listen to women clients, with a gender perspective (Berfond et al., 2014). Finally, for the financial products offered to reach

(14) This is a case study of BHD León by the Financial Alliance for Women.



the greatest possible number of women MSMEs, in addition to having an appropriate design, they must be accompanied by a simplification of the bureaucratic processes for granting them.

Examples of development banks in the region that offer specific products for women MSMEs include the Development Bank of El Salvador, which has a credit and guarantee fund with technical assistance to women entrepreneurs or companies with legal representation by a woman; the Nacional Financiera in Mexico, that offers guarantee programs for financial intermediaries with a focus on women MSMEs; and the Production Development Corporation of Chile, which provides human capital for innovation in women enterprises, with financing of up to 90 percent of the project (Azar, Lara, and Mejía, 2018). In 2015, BancoEstado of Chile launched CreceMujerEmprendedora (grow woman entrepreneur), offering financial and non-financial products to women micro and small-sized enterprises, which led to a 33 percent increase in this segment of women clients three years later.

An example of the work with productive chains is the alliance between the Access Bank in Nigeria, the IFC and Coca-Cola. In 2013, these three agents joined forces to improve access to financing for women MSMEs in the Coca Cola supply chain. IFC worked through their network of local and regional FIs to provide financing and business training to women MSMEs in the Coca Cola supply chain, starting with an investment in the Access Bank. On one hand, the agreement between IFC and Coca Cola tried to empower women entrepreneurs to overcome the barriers they face in running their businesses. On the other, the agreement with Access Bank Nigeria consisted of a loan to expand MSME financing, a quarter of which was to go to women MSMEs (Ganuza et al., 2014).

For the LAC region, it is worth highlighting PRODER (Programa para el Desarrollo Sectorial y Regional), the National Bank of Argentina's sector and regional development program. PRODER's objective is to support projects of high social impact for which they provide support from the beginning, as well as training, and works together with provincial and municipal governments. PRODER prioritizes projects that encourage investment, job creation, business partnerships, and strengthening of productive chains. Depending on the financing program, partnerships are made with intermediaries (chambers of commerce, development agencies, federations, associations, among others), with other companies (for which an entity must be created to receive financing; for example, a cooperative, joint venture, business collaboration group, among others) or, in the case of micro-credits, through a civil society organization (CSO).



⦿ **Intermediary Financial Institutions Financial Products Targeting Women MSMEs**

General credit lines for MSMEs do not consider the specific needs of women entrepreneurs, which means that they do not have equal access to credit lines, both because of their inadequate design and because demand is self-limited. To leverage available funds tailored to the needs of women entrepreneurs, NDBs can offer FIs financing lines with better terms if a minimum percentage is directed to women MSMEs; design financing lines for FIs that are exclusively for women MSMEs; or promote the use of innovative products, such as guarantees, by FIs.

There are already examples in the region of commercial banks with specific programs for women or women MSMEs. In the Dominican Republic, BHD León underwent an institutional transformation to adequately serve the country's women, including women entrepreneurs. BHD León designed a value proposition that placed the needs of women clients at the center. Successful implementation of this value proposition meant that the bank had to adapt the business model across operations, modifying the segmentation strategy, designing new product packages, upgrading the systems to allow for sex-disaggregated information, changing mindsets in leadership and the sales team, and breaking paradigms in marketing initiatives (Financial Alliance for Women). In Mexico, Banorte has an account for women that is free from opening fees or ATM fees, offers insurance and assistance services, and provides free access to mobile banking. Scotiabank in Uruguay offers the Pyme Mujer Emprendedora (SME women entrepreneur) product, with certain opening benefits and greater advantages over other products.

⦿ **Non-Financial Services as a Complement to Credits**

To improve the value of credit for women MSMEs, the non-financial services provided should meet the specific needs of women entrepreneurs and strengthen their profile so FIs perceive them as valuable clients. In this regard, the following non-financial services stand out:

- **IMPROVING THEIR CONTACT NETWORKS:** Offering digital and on-site platforms to make contacts with leaders in different sectors, colleagues, suppliers, specialists (legal consultants, accountants, human resources professionals, financial experts, export specialists, among others). Providing contacts and coordination to become involved in regional trade chains, working together with LAC NDBs. The availability of a contact network strengthens women's trade capacities and enables them to expand their business models.
- **STRENGTHENING THEIR BUSINESS DECISION-MAKING:** Making specialists available who act as advisors as part of an advisory board, in order to improve the



decision-making process of more experienced women entrepreneurs (MIF, 2014). In the same way, including programs that incorporate women mentors who have gone through the same credit and business cycle has proven to be effective for the growth and visibility process of other women entrepreneurs.

- **STRENGTHENING THEIR IMAGE:** Supporting their marketing activities and management of social media for the business. The public image of both the company and founder of the company brings benefits by attracting the attention of potential clients, investors, and strategic allies (Ernst & Young, 2016).
- **ENCOURAGING SUSTAINABLE BUSINESS MANAGEMENT:** Offering advisory services and technical assistance to clients to make their businesses sustainable and assisting companies in structuring specific projects (ALIDE, 2019). Likewise, it is important to provide knowledge on environmental, social, and governance standards and good practices.
- **REINFORCING THEIR PRESENCE IN PROFITABLE SECTORS:** Providing information and training to encourage their participation in the most profitable, emerging, and growing local markets.

According to the IFC (2020), the four best practices identified in the development of non-financial services are the following:

- Adjusting value propositions to the needs and profiles of the different sub-segments, according to the results of local market research. This segmentation can be by income, stage of life of the company, sector, etcetera.
- Offering a centralized experience that makes financial products and non-financial services available to clients in one place.
- Reaching institutional alignment to drive results and moving toward a unified corporate vision.
- Including measurements in the design and delivery of services, both to identify opportunities for improvement and internally justify the investment in these services.

Non-financial services should be designed to be efficient—that is, to take as little time as possible and deliver results promptly. This is especially relevant in the case of women entrepreneurs, who have less time available for the business as they are more involved than their male counterparts in household demands. In this sense, IDB Invest and IDB Lab tested, together with Banco Pichincha of Ecuador, a new way of offering training



to micro-entrepreneurs, through a heuristic methodology, with general rules to follow, instead of theoretical explanations. As a result, those who completed training increased their sales by up to 14 percent one year later. In contrast, those who received traditional training made no major changes in the way they conducted their business. In the case of women entrepreneurs, the difference in terms of their income after receiving these simple rules for operating became even more evident, as they benefited from learning that does not involve more time or mental burden (Arráiz, Bhanot, and Calero, 2019).

Another interesting example of non-financial services is the Trust Funds for Rural Development (FIRA), a second-tier development bank that offers credit and guarantees, training, technical assistance, and technology-transfer support to the agriculture, livestock, fishing, forestry, and agribusiness sectors in Mexico. These technology centers—made up of several production units with land, machinery, facilities, and other means—help to improve the skills and competencies of small and medium-sized (SME) producers, consulting service providers, and FIs operating personnel, with a focus on financial sustainability and environmental care. The purpose is for beneficiary companies to increase their profitability and level of development and improve the agribusiness consulting market (Calderón, Carbajal, and Leiva, 2014). COFIDE, Peru's state-owned second-tier development bank, offers the Tabla de Negocios MYPE (MSE business table), with training in business management and formalization for micro and small-sized enterprises—formal or not—that want to improve the way they manage their business.



Box 4:

LESSONS LEARNED IN DESIGNING A TRAINING COURSE FOR WOMEN ENTREPRENEURS: BANK OF PALESTINE'S MINI-MBA

Under its program Felestineya, the Bank of Palestine offers a mini-MBA for women entrepreneurs and also provides them with access to banking services (e.g., bank accounts, savings accounts, bank cards, loans, and other financial products) at low commissions and interest rates. For the design, Bank of Palestine analyzed the results of other similar training instances, which concluded that courses had greater impact when they included the following elements:

- i) Formal modules to boost women entrepreneurs' confidence, as well as their leadership and presentation skills
- ii) Coaching and mentoring opportunities
- iii) Referrals to successful women entrepreneurs
- iv) Use of blended learning platforms
- v) Networking opportunities with peers
- vi) Post-training support services

In addition, the content must be related to the financial offer of the banks and adjusted to the reality of local markets. If the examples used in the sessions come from the industries in which the participating women entrepreneurs operate, the quality and purpose of the training sessions will increase. One of the lessons learned from the first round was to manage expectations about the relationship between participating in the program and receiving funding, as some attendees thought they would automatically receive some type of financial support.



ACCESS TO CREDIT FOR WOMEN MSMEs

during and after
the COVID-19 Crisis

- 4.1 Digitalization of Financial and Commercial Operations
- 4.2 Other Measures to Support Women MSMEs in the Context of the COVID-19 Crisis



The health and economic crisis caused by COVID-19 has particularly affected women MSMEs for several reasons. Women are overrepresented in the sectors that were hit the hardest, such as services. Also, before the pandemic women had little or no financial support to survive several months without an income and have had to make investments to adapt to new ways of operating. Moreover, due to caution, time constraints (as the caregiving and household burden multiplied [AXA, 2020]), and lack of information, they have had less access to emergency government assistance.

On the supply side, FIs are experiencing an increasing demand for extension of repayment terms and debt restructuring, an increase in portfolios at risk of default, as well as requests for new loans to cope with the crisis. In these circumstances, it is fundamental to understand the particular needs and realities of women MSMEs, and for NDBs to support FIs to take this segment into account and avoid their exclusion from economic recovery assistance and available credit resources. Women MSMEs are key players in job creation, especially for women, as well as in adding value to the economy and households.

4.1 Digitalization of Financial and Commercial Operations

As a result of the COVID-19 crisis, the digitalization of financial transactions has become imperative to continue offering financial services. This has meant a need to invest in the necessary software, as well as provide training on how to use it. It also entails supporting clients so they can digitalize and learn a new way of operating, without forgetting the specific circumstances of sub-segments such as rural MSMEs or informal niches, which may face extra obstacles in terms of access to digital financial products and services. Therefore, since the crisis began, traditional ways have been forced to coexist with digital technology to offer effective financial products and services.

Even before the crisis, the benefits of technology were being studied, especially to find alternative distribution channels for products and services to improve financial inclusion. Digital transformation can improve financial market operation by reducing moral hazard and adverse selection problems—since it facilitates the creation, collection, and use of information from potential customers—and decreasing fixed costs (especially in distribution) that act as barriers to entry in the financial industry, enabling market competition and promoting efficiency (Fernández Díez et al., 2020).

Therefore, NDBs must be current with the latest technological trends, to capture and monitor disaggregated data, simplify processes, enable their employees to operate



remotely, and offer their products and communicate with their clients and beneficiaries. This can be done internally or through partnerships, such as fintechs. However, for these investments in technology to be productive, there must be adequate coverage and operation of the internet infrastructure at affordable prices for the target population. It is critical to ensure interoperability, which allows different systems to connect with each other and has the potential to increase transaction volumes in general (EIU, 2018). It is also essential to educate on the proper use of technology and improve the protection of users against fraud and other digital crimes. In this way, NDBs can encourage investment in mobile and digital infrastructure and set up appropriate regulations. Together with governments, they can ensure conditions that consider the reality of women MSMEs and other vulnerable segments. For example, women have less access to smartphones than men, which should be considered by the public sector when granting subsidies for the ownership of such devices and by mobile operators and application developers when deploying phones with analog technology to carry out transactions.

In 2019, the IDB conducted a survey among the NDB members of the Latin American Association of Development Financing Institutions (ALIDE, for its acronym in Spanish) to learn about their level of digital transformation. All the NDBs surveyed mentioned having digitalization initiatives under way, with varying levels of progress, and 70 percent of them stated they had a unit in charge of the digitalization of the entity. However, the study identified that NDBs require support to leverage digitalization to strengthen their participation in underserved segments and encourage the adoption of technologies by SMEs (Fernández Díez et al., 2020). Along these lines, but in the private sector, IDB Invest, with support from We-Fi, approved technical assistance to BAC Credomatic El Salvador, and Guatemala. In El Salvador,⁽¹⁵⁾ technical assistance focuses on identifying the digital transformation needs of their women SME clients and supporting them in transforming their business model with greater use of digital channels. The financial structure of this transaction includes an innovative incentive mechanism connected to the achievement of results, which is equivalent to expanding the women SME loan portfolio from 27 percent today to 45 percent by 2025. In Guatemala,⁽¹⁶⁾ the program supports SMEs to incorporate more digital channels and tools into their business model in an orderly, secure, and efficient manner, integrating differentiated solutions to meet their needs. During this consulting process, BAC Credomatic Guatemala will adjust their definition for this category in order to better track their digital and non-digital solutions to capture and report disaggregated data. In short, with respect to the digitalization of financial and commercial transactions, NDBs can do the following:

- Expand distribution channels for financial products to digital channels, including mobile banking.

⁽¹⁵⁾ See <https://idbinvest.org/en/news-media/idb-invest-and-bac-credomatic-el-salvador-join-forces-empower-women-led-small-and-medium>.

⁽¹⁶⁾ See <https://www.idbinvest.org/en/news-media/idb-invest-joins-forces-bac-credomatic-increase-financing-small-and-mid-sized-businesses>.



- Expand communication channels with clients through digital platforms, text messaging, and other channels suggested by local market research.
- Support MSMEs to digitalize their financial transactions (payments, income, loan applications, etc.) through training and by bringing digital financial tools from partners such as fintechs.
- Offer training on the operation of digital devices and on how to provide services digitally.
- Adopt the necessary technology to allow employees to work remotely and digital and constant communication with clients.

The risks brought about by the digitalization of financial transactions cannot be ignored. Many countries have yet to update cybersecurity laws and build their capacity to comply with data privacy protections (EIU, 2018). Cases of fraud, identity theft, abusive practices, and others may be on the rise as digital transactions increase. Therefore, it is essential to educate clients and beneficiaries about safe financial transactions, so they know what their rights are, increasing consumer protection and avoiding risky behavior, as well as increasing the likelihood they will choose appropriate financial products. NDBs can also support FIs in identifying the misconceptions that users have regarding the use of digital technology. On average, women believe more frequently than men that the cost of transfers and drafts is higher when such operations are carried out by means other than the traditional ones (CAF, 2021).

4.2 Other Measures to Support Women MSMEs in the Context of the COVID-19 Crisis

To prevent a larger gap in access to finance for women MSMEs during and after the pandemic, NDBs have an important role to play in increasing both the supply of and demand for financial resources and non-financial services. Considering that the private sphere (home) and the public sphere (work) are proportionally more interrelated for women than for men, and that this interrelationship has become deeper during the pandemic, gender-sensitive interventions must meet the needs of women entrepreneurs when developing value-added products. Best practices in this area include the following:

- Providing centralized and simplified information on aid and financing opportunities during and after the COVID-19 crisis.



- Mapping and consolidating data on the degree to which women MSMEs have been affected by the crisis, in order to identify trends and behaviors that differ from those of men.
- Supporting MSMEs in applying for financial and tax resources to face the crisis.
- Making new first and second-tier financing resources available for those companies that operate in sectors most affected by the crisis, such as services, considering the specific characteristics of each sub-segment (UNCDF, 2020).
- Offering financial products to cover personal needs, such as medical insurance or financing for education and household services (rent, mortgage).
- Providing training sessions on financial solutions tailored to the real-life situation of women entrepreneurs, while guiding financial advisors to build personal relationships with clients, digitally and on-site, to gain trust in rebuilding their business models.
- Offering non-financial products related to the needs brought on by the pandemic, such as training for the adaptation of businesses to health requirements, resources for sex-based violence situations, and tools for stress management.

These services can be provided in partnership with expert organizations in each area, reducing the learning curve and the cost of interventions by NDBs. In addition, work can be done with intermediary FIs to support them in offering similar products and services, in order to increase the number of women entrepreneurs who receive support to continue their businesses, and thus support the economic recovery of the countries.

In terms of work with fintechs, Finsocial (Colombia) stands out in the LAC region for offering loans to sectors strongly affected by the health crisis, as well as the financial solution Finsoalivio for informal workers who do not have access to the social security system, but who carry out a productive activity and require resources to keep it afloat. In addition to progressive outlays for five months, the client receives support from the Finsocial Foundation for affiliation to the social security system and training in social and financial education for their business. In collaboration with the government, Finsocial offers FinsoProductivo, a line of credit supported by the National Guarantee Fund, and the Foreign Trade Bank of Colombia (Bancóldex), for independent workers and professionals affiliated with the social security system.



STRATEGIES TO IMPROVE ACCESS TO CREDIT

for Women MSMEs

- 5.1 Institutional Transformation
- 5.2 Partnerships to Get Closer to the Client
- 5.3 Partnerships to Promote the Insertion of Women MSME Chains in Public Bidding Processes



NDBs can rely on other institutions to improve their financial inclusion work. Through these partnerships, they can reach solutions that improve access to financing, whether by bringing physical offices closer to underserved areas, offering services and products through technology, or organizing resources more efficiently through cooperatives and other associations. The following are some of these good practices that can be replicated to improve financing for women MSMEs in the LAC region.

5.1 Institutional Transformation

Success stories in the design and management of financial programs for women MSMEs have at least one common feature: they underwent an institution-wide transformation in order to include the gender perspective as part of the organization's identity. For example, in Chile, Banco Nación signed the United Nations Women's Empowerment Principles in 2017, showing their commitment to diversity and inclusion. This allowed the entity to conduct an internal self-diagnosis and identify opportunities to improve gender equality within the institution, for example, by increasing the number of women in leadership positions. In addition, Banco Nación understood that changing ways of thinking and cultural bias takes time, so gender equality training and messages are periodic and continuous over time (Financial Alliance for Women, 2020b).

In other words, installing a gender perspective in the institution is not simply a matter of creating a program for women. The process involves raising awareness among senior management, revising procedures, and a profound change in the organization's culture. NDBs, as well as commercial FIs, need to review their human resources policies, mentoring programs, team diversity, employee promotion practices, impact of maternity on employees' careers, support for diverse families, co-responsibility for caregiving, as and glass ceilings, among other aspects that impact gender equality within the organization. In this process, both men and women must be involved to avoid giving the misleading message that women need preferential treatment (Financial Alliance for Women, 2020b). It is about recognizing the gender roles and bias present in all individual and their impact on career and institutional decisions and operations. Starting "at home", NDBs can transfer this work to their suppliers and clients to strengthen the gender perspective throughout their work chain.

FIs with successful programs have created areas that are specifically dedicated to serving the women MSME sector (Berfond et al., 2014). According to the Financial Alliance for Women (2020b), best practices for installing a program that adequately serves the women MSME segment include the following:



- **SUPPORT FROM SENIOR MANAGEMENT:** When the organization's leaders act as role models in including a gender perspective in their work, the likelihood of success of the programs is higher. Ninety percent of banks with profitable women's programs have an executive leader dedicated to the program. This support from senior management involves not only a commitment from the organization toward the outside, related to the release of communications on gender equality, but also the orientation of resources to improve internal initiatives.
- **COMMITMENT OF THE EMPLOYEES:** At all levels of the organization there must be understanding and acceptance of what it means to serve the women MSME segment. To reduce resistance, data should be shared to justify the decision for the new way of working, explain the barriers faced by this segment, and identify the cost-effectiveness of the program.
- **TRAINING FOR EMPLOYEES IN SKILLS AND AWARENESS FOR SERVING WOMEN ENTREPRENEURS:** This should focus especially on the commercial area and include men, so they feel they are part of it and see the value of the program. There should be training in methodologies to understand customer needs and offer solutions. Having ambassadors to lead these practices and communicate them to the rest of the commercial employees helps to implement them. At the same time, training on how commercial agents can communicate financial education content to women entrepreneurs should also be considered, as these agents are the first gateway that female clients have with the FI and can be maximized as training channels.
- **ONGOING INTERNAL COMMUNICATION:** At predefined intervals, messages should be shared with key bank employees on how to serve the women MSME segment and the evolution of the portfolio and selected key indicators. Success stories should also be showcased as references, along with messages from the chief executive officer and senior management in support of the program.
- **IMPROVING SYSTEMS AND KEY PERFORMANCE INDICATORS:** There should be a connection between the culture desired for the organization with incentives and consequences. It is about understanding what the women MSME program needs and also what encourages employees to get involved in order to make the program work. Sex-disaggregated key performance indicators (cross-selling ratio, default loans, retention ratio, etc.) should be set up to ensure the long-term success of the strategy (Berfond et al., 2014).
- **ALIGNING THE TREATMENT OF WOMEN CLIENTS WITH THE TREATMENT OF WOMEN EMPLOYEES:** The FI's vision should be to practice inside the organization what is implemented outside the organization. Sometimes (in approximately 75 percent of banks with women's programs), setting up a diversity and inclusion program within the organization is considered a prerequisite for a successful women's program.



5.2 Partnerships to Get Closer to the Client

Some MSMEs that face the greatest need and restrictions for financing are located in areas that are physically distant from bank branches. It is therefore a good practice to set up partnerships with intermediaries, both financial and non-financial, to bring resources closer to these (potential) women clients. In rural areas, these partnerships are especially relevant. In this regard, the Agreements for the Financing of Family Agriculture Program of the Banco Regional de Desenvolvimento do Extremo Sul in Brazil relies on rural producers' cooperatives as a facilitating channel for bringing financing closer to farmers. Through the cooperatives, which are computerized and staffed by trained employees, the initiative has reached 83 percent of the country's rural municipalities, allowing meeting farmers at their place of work and reviewing credit requests on-site. In Peru, the Ventanillas (windows) Service for urban and rural SMEs of the Banco de la Nación provides support to micro and small-sized enterprises in the most remote districts of the country, where the bank is the only financial option. Support is provided through financial intermediaries who work from Banco de la Nación offices.

Another way of facilitating access to financial products for clients is through non-bank correspondents. In this case, the bank provides basic financial services through commercial facilities, such as pharmacies and small businesses. The objective is to bring financial services closer to the population where there are no branches or to expedite simple procedures. In order to carry out these agreements, which have been highly successful in Colombia, Brazil, and Peru, adequate regulation is needed (Calderón, Carbajal, and Leiva, 2014).

On this front, it is essential that the NDBs and FIs develop strategies to provide financial literacy to the non-bank correspondents for them to be prepared to provide better advice to women entrepreneurs located in isolated areas. At the same time, it is also suggested that financial content can be brought by these correspondents to the final beneficiaries.

5.3 Partnerships to Promote the Insertion of Women MSME Chains in Public Bidding Processes

Governments tend to be among the largest buyers of goods and services in different countries. Therefore, they have the capacity to impact markets and are increasingly using their supply chains for socioeconomic purposes. The annual market for public bidding worldwide is estimated at US\$9.5 trillion, of which women entrepreneurs only receive approximately 1 percent. Public procurement markets have their own characteristics,



with limitations on the flexibility of spending and financing methods. However, public bidding is expected to have additional social value in production chains.

One of the main barriers for women enterprises, and for MSMEs in general, to participate in public bidding is the lack of knowledge about the opportunities to participate, and about the complex protocols and regulations that govern these public processes. In addition, the entire bidding process is costly, both in terms of time and money, and the latter is only recovered if the bidder is selected (Littlejohn et al., 2018).

Thus, NDBs can work with governments and women enterprises to improve their participation in public bidding in the following manners:

- **WITH WOMEN ENTERPRISES:** NDBs can share available public procurement opportunities, helping women enterprises so they can understand the procedures for bidding, offering technical assistance, and funding to cover the costs of preparing for bids. They can also provide platforms for entrepreneurs to meet potential partners to submit applications together, if necessary, to meet all requirements.
- **WITH GOVERNMENTS:** NDBs can encourage and support governments to simplify bidding procedures and increase the transparency of opportunities and requirements. In addition, they can provide guidance on how to design bids, so the minimum amounts and other requirements are not an obstacle to the participation of MSMEs in general, and women enterprises in particular, as well as to the incorporation of inclusive language.

A good practice is the Compra (buy) Chile program, which uses an innovative electronic market system whose main characteristic is the simplification of the information provided and the procedures. As a result, MSMEs carry out 60 percent of the transactions, although in economic terms large firms still account for most of the public bids awarded. In the case of the United States, the Small Business Administration implemented a program to support women MSMEs in competing in government bidding programs by explaining eligibility requirements and organizing networking sessions with the public sector. At the same time, the program supports the government's goal of achieving 5 percent participation of women MSMEs in government procurement.



CONCLUSIONS



There are different reasons, explained both by the special nature and decisions of demand and by the dynamics and characteristics of supply, which result in less access by women MSMEs to credit granted by the financial system. Understanding these constraints and their relationships is fundamental to improve the financial inclusion of women MSMEs, in which NDBs play a key role both through their work with intermediary FIs and as first-tier entities. The main characteristics of the self-limiting demand and supply-side barriers to credit for women MSMEs compiled herein can be addressed and mitigated through NDBs. This is due to the very nature of these institutions, which allows them to address a development vision capable of channeling resources to the financial sector with gender considerations.

The dual role played by the NDBs (strengthening the financial sector and development) puts them in a position of agents of change to energize a financial ecosystem that provides more and better access, use, and quality of products received by women enterprises. At the same time, this dynamization incorporates not only financial resources but also non-financial aspects that can be offered to financial intermediaries so, in turn, they can be replicated for the final beneficiaries (women enterprises). This document has compiled the different stages that an NDB should consider when serving women MSMEs, as well as case studies that serve as an inspiration for these stages.

First, to understand where to start from, what financial and non-financial needs women MSMEs have, and how the financial inclusion of women entrepreneurs is progressing over time, it is essential to collect and monitor sex-disaggregated data at the NDB level. This information feeds into decision-making to design products and services that are truly accessible and of interest to women and their businesses. This data collection and subsequent decisions have become particularly important in light of the COVID-19 crisis, as they serve to act in due so women MSMEs are not excluded from the resources available for economic recovery.

As for the role of the NDBs in data collection, this has a dual value. On one hand, by acting through intermediary FIs, NDBs can apply best practices on disaggregated data collection, and even train FIs to do so. On the other, in their actions as first-tier banks, they are committed to disaggregate data on their clients by gender, so they can carry out a gender-sensitive analysis.

Encouraging responsible demand for credit allows women and women MSMEs to develop according to their potential and compete under similar conditions as men-owned MSMEs. Improving the supply of credit so it is tailored to the needs of women entrepreneurs and their real risk profiles facilitates the creation of value for both FIs and creditors. For this reason, this document shares good practices that NDBs can implement so their work oriented toward increasing financial inclusion in the LAC region has an effective impact on women MSMEs. Promoting supply begins by making the market of women entrepreneurs visible through studies and data that make it possible to break down preconceived ideas and bias, and that motivate FIs to offer non-financial products



and services designed for this segment. At the same time, this makes it possible to consider innovative instruments, such as guarantee schemes for FIs, collateral that is more in line with the profile of women entrepreneurs, and credit evaluation alternatives that contribute to closing the gender gap in access to financial products.

One of the lessons learned from financing programs for women enterprises is related to the value of non-financial services for women. In other words, deployment and financing conditions are not the only things that women entrepreneurs value. They also value technical assistance and proximity to their FIs. In this regard, this document provides recommendations and cases that can be considered by LAC NDBs. One aspect to highlight is that, when NDBs act as second-tier entities, non-financial services can even be provided to financial intermediaries, so they can offer a better service to the final beneficiaries. This transfer of knowledge (from NDBs to financial intermediaries) is one of the benefits and differentiating qualities of NDBs.

The opportunities arising from the COVID-19 crisis have become evident in the digital field. However, it is necessary for NDBs to act promptly to avoid making a double gender gap deeper: digital and financial. On this front, NDBs can implement programs to promote partnerships with technology-based financial service providers, which in turn can collaborate with FIs, to reach out to women MSMEs located in remote areas. The offer of digital financial services is also improved with the approach of non-financial services, especially focused on the use of technological platforms for MSMEs, and with the financial education that can be communicated through these tools.

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