

# CASE STORY ON GENDER DIMENSION OF AID FOR TRADE

**Banking on Women Pays Off: Creating Opportunities for  
Women Entrepreneurs**

## **Banking on Women Pays Off Creating Opportunities for Women Entrepreneurs**

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### **Executive Summary**

Recognizing the important contribution women make to economic growth, IFC<sup>1</sup> is committed to creating opportunities for women entrepreneurs to realize their economic potential, as a part of its mission to foster sustainable private sector growth in developing countries.

IFC's approach to date has been to expand access to credit for women-owned small- and medium-sized enterprises through targeted initiatives that enhance the delivery of financial services and business support to women entrepreneurs. Since 2004, IFC directly contributed over \$86 million through financial institutions in loans and advisory services to women entrepreneurs through targeted interventions. This experience shows that banking on women entrepreneurs is a profitable business. Women have excellent repayment rates. They are good savers, and they contribute positively to the well-being of their community.

This case study is about a partnership between IFC and Access Bank Nigeria<sup>2</sup>, to set up one of the first commercial programs in Africa, providing finance, business support and capacity building to women entrepreneurs.

A \$15m credit line along with a \$400k Advisory Services Program was provided to Access Bank, which in turn contributed \$500k towards the development and running of the program. Over a period of three years over \$35m in loans was disbursed to women entrepreneurs with a non-performing loan ratio of less than 1% maintained, 650 women trained and several new products and services developed.

### **Issues Addressed**

Nigerian women entrepreneurs play an active role in a broad range of sectors in the economy, and make a significant contribution to GDP growth. Empirical evidence from the World Bank shows that women reinvest more of their income on family welfare than men. Furthermore, experience of financial institutions demonstrates that women are a good credit risk. This was therefore a project that was a profitable business opportunity for Access Bank that also had a significant development impact.

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<sup>1</sup> IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. IFC creates opportunity for people to escape poverty and improve their lives. It does so by providing financing to help businesses employ more people and supply essential services, by mobilizing capital from others, and by delivering advisory services to ensure sustainable development. For more information on IFC's Women in Business Program, visit [www.ifc.org/gender](http://www.ifc.org/gender).

<sup>2</sup> Access Bank Plc is listed on the Nigeria Stock Exchange. It is a regional bank with subsidiaries in 9 African countries and the United Kingdom, and has shareholders' capital of over \$1.2bn.

The single biggest constraint facing SMEs worldwide is the lack of capital for growth. Women entrepreneurs are disproportionately affected because they are likely to have less business knowledge and education, less control over assets that can be used as collateral, less experience with commercial financial institutions, and less well established business networks. IFC research in Nigeria showed that women have different attitudes towards finance, that there was a poor understanding of what the banks require amongst women and that the banks did not understand how best to serve their women clientele. Some of the structural issues identified were the high cost of credit and the paucity of historical credit information from independent sources like credit bureaus.

## Objectives Pursued

*“Successfully reaching the women’s market in Nigeria is key to achieving our retail and small business goals.”*  
Aigboje Aig-Imoukhuede, Group  
Managing Director, Access Bank

The objectives of the programme were to:

a. Improve Access Bank’s financial services delivery to the women’s market in Nigeria, drawing on the expertise of the Global Banking Alliance for Women<sup>3</sup> including staff training, strategic planning, market positioning, and segmentation. Access Bank has since been inducted into the Global Banking Alliance for Women, the first bank in West Africa to be admitted.

b. Assist Access Bank in improving the quality of their female client base by providing women entrepreneurs with financial literacy and business skills which will improve their profile as bankable businesses. This would be done in partnership with the IFC’s Advisory Services Facility in Africa (PEP-Africa) and local business development services providers.

In 2006, the banking sector in Nigeria underwent a dramatic consolidation that reduced the number of banks from 89 to 25, which led to more competition between banks looking to downscale into the retail market. Access Bank identified the women’s market as an opportunity to complement its retail expansion strategy, while differentiating itself from competitors.

## Design and Implementation

On June 9, 2006, IFC signed an agreement to provide a \$15 million loan to Access Bank to extend lines of credit to women entrepreneurs. With this loan, Access Bank became one of the first banks in Africa to dedicate lines of credit to finance women-owned businesses. In tandem with the loan, IFC’s Women in Business unit provided \$400,000 toward the design and implementation of an advisory services plan that would turn Access Bank into the “bank of choice for women” in Nigeria.

IFC experts helped train women borrowers, and worked with Access Bank staff to design products that address challenges commonly faced by women borrowers such as lack of traditional collateral and lack of credit history.

The reporting requirements were the same for the loan and the advisory services (monitoring & evaluation). Consistent procedures for both the advisory and investment sides made reporting simpler for the IFC client, Access Bank. The performance metrics of the investment and advisory services program were reflected in the loan and advisory services agreements and were part of the reporting requirement:

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<sup>3</sup> The Global Banking Alliance for Women is an organisation of leading financial institutions driving women’s wealth creation worldwide. GBA members collaborate on identifying and sharing global best practices in financial services delivery to women, to accelerate the growth of women in business and women’s wealth creation, while generating superior business outcomes for members. Since 2005, IFC has been the main sponsor of the GBA (for more information, see [www.gbaforwomen.org](http://www.gbaforwomen.org))

## Problems Encountered

Being one of the first of its kind, there was a general lack of knowledge of the scope of women's businesses and their contribution to the economy beyond micro enterprise. It was also difficult to size the market and put forward an accurate estimate of the demand for a targeted product.

Access Bank was so keen on the program however, that by the time they came to visit IFC, they had already drafted a term sheet, identified who the manager of the Women in Business Program was going to be, drafted a preliminary strategy for their Women's Program, and had a preliminary agenda for the launch event they were planning. We quickly agreed on an accelerated timeline for the project.

## Results Achieved

Access Bank's achievement under the Women in Business program is well beyond original expectations, and the program is now a core component of the Bank's regional expansion strategy. Following the introduction of this program, new initiatives for women have appeared in Nigeria, including a private equity fund focusing on women-owned small and medium enterprises and an asset management fund focused on women. Other commercial banks have also introduced similar Women in Business programs.

Achievements of Access Bank's Women in Business program (2006-2009):

<b>Portfolio Growth</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> USD 35.1 million in loans disbursed</li><li><input type="checkbox"/> Over 1,300 new deposit accounts opened</li><li><input type="checkbox"/> 1,700 checking accounts opened</li><li><input type="checkbox"/> Over 650 women trained in business management</li></ul>
<b>Risk Reduction</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Less than 1% non-performing loans in the Women's SME portfolio</li></ul>
<b>Lending process Improvement</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Women-friendly and more flexible collateral options developed, such as the pledging of equipment, and cash flow based lending</li></ul>
<b>Reputational Enhancement</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> Global Banking Alliance for Women's "Most Innovative Bank of The Year Award, 2008"</li><li><input type="checkbox"/> "Most Innovative Bank, 2007" by the African Banker Awards</li><li><input type="checkbox"/> "Gender Award, 2008" by Nigerian Banking Association</li></ul>
<b>Replication</b>	<ul style="list-style-type: none"><li><input type="checkbox"/> The success of the program in Nigeria led to Access Bank replicating this in Gambia, and in Rwanda to start in 2011</li><li><input type="checkbox"/> Other banks in Nigeria have followed suit and one new Private Equity fund and an Asset management fund targeting women have entered the Nigerian market</li></ul>

## **Factors for Success/Failure**

Client commitment is essential - It was critical for the programme to be structured such that there was a strong element of accountability and responsibility required of the bank; the IFC credit line is fully repayable with interest and the bank was required to commit significant resources to the programme as well.

Integrating investment and advisory services - The total integration of the advisory and investment sides resulted in maximum impact. Even though there were separate loan and advisory services agreements, both documents reflected the collaborative nature of the project. IFC's Women in Business team was involved in both the formal and informal discussions with the Investment team as well as with Access Bank.

In country programme support – IFC leveraged its local knowledge, contacts and resources to achieve maximum impact. Working with the Nigeria country team and Africa team, it was easier to interact efficiently with the client and be better able to serve them and answer their questions and concerns immediately. For the clients, this meant that IFC was readily accessible and that they could walk into the country offices and receive immediate assistance.

## **Lessons Learned**

This programme demonstrated that it was worth creating a stand alone programme to support increased access to financial services for women entrepreneurs. During the period of the programme, IFC was able to understand the real scope of the issues in practice. It was also able to develop a firm understanding of how to address the issues faced by women in accessing financial services, build a case for the needs of women entrepreneurs and measure market demand.

From this powerful learning experience, IFC now has a case for integrating gender into its products across investments and advisory services. As a result, the IFC is now well placed to pursue a broader strategy of taking into account gender issues in its wider investments with financial institutions.

## **Conclusion**

The success of Access Bank and other IFC pioneer programmes is already being translated across client financial institutions in Africa, Asia, and the Middle East and North Africa. The lessons learned, especially with regard to establishing stand alone programmes to support women entrepreneurs, vs. mainstreaming directly are interesting and could be very useful across different spheres.

Furthermore, financial institutions are in a strong position to play a more active role, as they are at the centre of all export transactions. It would be very interesting to build upon the nascent work in Nigeria with export elements; training, information and international networks.