

# Banco BHD León:

## Gender Intelligent Business Model Propels Strong Women's Market Growth



**Banco BHD León**

### Banco BHD León at a Glance

- Formed when Banco BHD and Banco León merged in 2014, the bank's roots trace back to 1972.
- At the completion of the merger in 2014, Banco BHD León became the second largest private bank in the Dominican Republic, with a 19% market share.
- As of December 2016, BHD León had assets of US\$5.26 billion.
- 47 percent of BHD León's nearly 1 million customers are women.
- Women's deposits make up almost 37 percent of its liabilities.
- 50 percent of the bank's 17,000 microfinance customers are women.
- 64 percent of the bank's 4,200 employees are women, and more than 60 percent of senior managers are women.
- In 2013 the bank was awarded a Social Responsibility Award by the American Chamber of Commerce in the category "Company's Quality of Life."

"Increases in women's economic participation continue to outpace men's. Banks have a tremendous opportunity to accelerate their growth and inspire their own organizations by tailoring financial solutions for the Women's Market."

- **Steven Puig**  
General Manager  
Banco BHD León

Banco BHD León of the Dominican Republic first saw potential in creating a tailored value proposition for the Women's Market following the success of its Tarjeta Mujer credit card in late 2012. The popularity and strong ROI of this product led the management team to explore expanding its gender focus, and the bank joined the GBA to help it along its journey in 2013. The bank officially launched its Mujer Mujer program two years later. The new gender-focused initiative took a cross-departmental approach, adapting the bank's business model to ensure that customers were put at the forefront. As a result of these efforts, BHD León has grown its women customer base by double or triple digits across all segments since the launch of Mujer Mujer, and today the bank is known throughout the country as the go-to financial institution for women.

### Discovering the Women's Market Opportunity

Recognizing women's increasing role in purchasing decisions, the organization that was then Banco BHD was seeking new customer approaches to increase top-of-mind awareness and share of wallet. In 2012, the bank launched Tarjeta Mujer, a Mastercard that offered competitive interest rates as well as a number of features the bank determined women value, including health insurance for cancer detection; access to emergency home repair services like vehicle breakdown coverage and exclusive offerings like discounts at popular retail stores and access to special events. The card was a huge success: In the first 12 months after launch BHD saw a 40 percent acceptance rate from women the card was offered to, vs. 12-16 percent in other products. The bank also saw 3x more spent on Tarjeta Mujer vs. other cards, a 2x increase in average ticket and a 1.6x increase in transactions.

Seeing these strong results, BHD's CEO sought to expand further into the Women's Market. Demographic trends in the country showed that targeting women across sub-segments could be a strong business proposition: 70 percent of professionals graduating from universities were women, the number of economically active women in the country was at 40 percent and growing, and women owned an increasing number of the country's MSMEs - 44 percent of micro, 33 percent of small and 22 percent of medium businesses. Yet the demand among women for financial services remained untapped. IFC research revealed a US\$300 million credit gap for women-owned MSMEs in the country, and when BHD looked at their customer base, they noted that while women customers already represented more than 40 percent of it, they were only generating 30 percent of the bank's revenue. BHD saw a strong opportunity, not only to attract new women customers, but also to strengthen banking relationships with their existing female clients. The bank's leadership made the strategic decision to work to become the bank of choice for women in the Dominican Republic.

After conducting thorough market research to determine what women in the country wanted from their financial services provider, the bank, which by this time had completed its merger with Banco León to become Banco BHD León, designed a customer value proposition that put the client's needs at the center. Successfully implementing this value proposition meant that the bank needed to adapt its business model across its operations, modifying its segmentation strategy, designing new product bundles, updating systems, changing mindsets among the leadership and sales force, and breaking paradigms in their marketing efforts. With the support of the GBA network and IFC, BHD León launched its Mujer Mujer program in 2015, with a projected IRR of 35 percent.

Since the program launch, BHD León has reached more than 125,000 new women customers, registering average annual growth rates of over 13 percent. Its efforts not only led BHD León to reach its KPI goals, but also enabled it to be seen as the "benchmark bank for Dominican women" - with national market surveys placing BHD León well over its competitors as the bank that best supports women in the Dominican Republic - and strengthened its ability to become a customer-centric bank across all segments.

#### References:

1. Access to Finance for Women-owned SMEs, IFC








## Listening to Customers

As a first step toward becoming the bank of choice for women in the Dominican Republic, BHD León conducted human-centered design research to understand women’s motivations, concerns and needs, in partnership with the IFC. Through 26 focus groups, 20 in-depth interviews and 25 immersion exercises throughout the Dominican Republic, they learned that women in the country had four primary concerns that cut across all segments – regardless of employment status, level of education, age of business or life cycle stage:

- **Economic Independence:** Women want to be financially stable to improve the quality of their lives and their families’ lives;
- **Saving Time:** Women want to increase their personal time and the time they have to spend with their families;
- **Family Well-Being:** Women want their children, parents and spouses to be safe and healthy;
- **Individual Well-Being:** Women want to be safe and healthy.

## Offering Solutions, Not Products

BHD León then developed solutions for women specifically crafted to address these concerns. The solutions were built around five key life goals: personal and family health, education, owning a home, personal mobility, and business success. Each solution includes a bundle of credit, savings, and insurance offerings, as well as other non-financial services.

	 Health	 Education	 Home	 Mobility	 Business
<b>Credit</b>	<ul style="list-style-type: none"> <li>• Flexible loans</li> <li>• Credit card with targeted benefits including cancer coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Tuition low-interest financing plans</li> <li>• Credit card with targeted benefits and discounts</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible loans for home remodeling</li> <li>• Mortgages</li> <li>• Credit card with targeted benefits including home-related emergency assistance, such as plumbers, handymen, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible financing</li> <li>• Preferential interest rate with opening of programmed savings account</li> <li>• Access to flexible loans to cover car-related expenses</li> <li>• Credit cards with targeted benefits including road assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Checking account</li> <li>• Access to credit lines</li> <li>• Working capital, collateral-free loans</li> <li>• Credit card with targeted benefits for women entrepreneurs, including travel and accidental insurance and business assistance</li> </ul>
<b>Savings</b>		<ul style="list-style-type: none"> <li>• Programmed savings account</li> </ul>	<ul style="list-style-type: none"> <li>• Programmed savings accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Programmed savings accounts for car down payment</li> </ul>	
<b>Insurance</b>	<ul style="list-style-type: none"> <li>• Health insurance for family, dependents and home staff including hospital, maternity and ambulatory services</li> </ul>	<ul style="list-style-type: none"> <li>• Life insurance with kids as beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Life and property insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle insurance with special coverage for women</li> </ul>	<ul style="list-style-type: none"> <li>• Business insurance</li> <li>• Availability of company insurance plans</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Medical assistance services and home visits</li> </ul>		<ul style="list-style-type: none"> <li>• Home assistance services including coordination support and discounts with trusted contractors</li> </ul>		<ul style="list-style-type: none"> <li>• Access to business support services</li> <li>• Business advisory services</li> <li>• Capacity building programs for SMEs</li> </ul>

### Financial Services: The Insurance Innovation

BHD León is part of a larger financial conglomerate that includes insurance affiliates Mapfre BHD and ARS Palic. Through its market research, BHD León saw the value women place on protection for their families, themselves, their possessions and their businesses. Examining the business case, the team saw the opportunity for incorporating insurance into its bundles was strong: 50 percent of clients of all three companies were women, but only 9 percent had products with all three companies. With this potential demand in mind, BHD León incorporated at least one relevant insurance product into each of its bundles.

### Non-Financial Services: Beyond the Bundle

Non-financial services were also integrated as a key area of the value proposition and were first prioritized for women business owners. They include Dr. PyME, a digital system that allows business owners to diagnose the health of their companies and identify areas of improvement. Capacity-building programs such as business courses and workshops were also developed to build the skills of women business owners.

For its individual clients, BHD León prioritized keeping them well informed on important current events and bank information. This required adapting its social media channels to include a variety of messages targeting women in 4 key areas: special interest news, information, client benefits, and product and service notes. These expanded social media efforts have resulted in more than 600,000 impressions since their launch.



## Understanding Segments

BHD León's primary segmentation included two groups: SME owners and individuals. Looking to better understand the realities of each of these segments, BHD León performed deeper internal analysis of the bank's portfolio.

BHD León found two primary sub-segments of SME owners within their portfolio: women business owners with employees, and professional women (e.g. lawyers, dentists, accountants) who derive the majority of their income from their professions but also owned businesses. The two groups had very different challenges and roles and the bank sought to target them both.

Sub-segmenting its individual women client base, BHD León also found two primary groups of clients: salaried employees and heads of household. Understanding each segment allowed the bank to tailor its communications based on the four markets it identified, speaking to each sub-segment directly rather than treating the whole of the Women's Market as monolithic.



“To build our value proposition, it was helpful to identify and understand the differences and similarities of sub-segments of women. Understanding their unique motivations, priorities and challenges led to a valuable offering that promised to close service and product gaps. The similar traits among groups made it easier to communicate to all women and helped focus the bank's efforts.”

- **Pura Méndez**  
Women's Market Segment Manager  
Banco BHD León

### Establishing a Baseline

There were a number of challenges BHD León faced when trying to establish a baseline for the Women's Market to track performance. When it began to examine the account behavior of its retail customer base, the bank began to suspect that a large number of individual account holders were actually using their accounts for business purposes. However, because they did not fit the bank's definition of an SME, most did not have dedicated relationship managers. This made it difficult to understand if the account activity they were seeing was, in fact, the result of business use. To solve this problem, BHD León developed an algorithm based on a number of external and internal variables, such as earnings, transactions and loans with other institutions. This allowed for more accurate segmentation of individuals into those with and those without businesses.

A second challenge was around the availability of sex-disaggregated data on SME accounts. Because a national ID was required to open an account at the bank, the sex of individual account holders was available, but data on the business side was harder to come by due to difficulties in knowing the sex of the person or persons who actually have control over a company. To account for the fact that it is possible to have less than 50 percent ownership but still have majority control over a company, BHD León decided to look at the sex of the owner with the largest number of shares. Once it had set this definition for a woman-owned business, the bank had to connect with individual branches to manually collect gender information for its business clients from RMs.

With all this information in hand, the bank was able to accurately tag its women individual account holders and women SME account holders, establish its baseline and measure the program's growth.



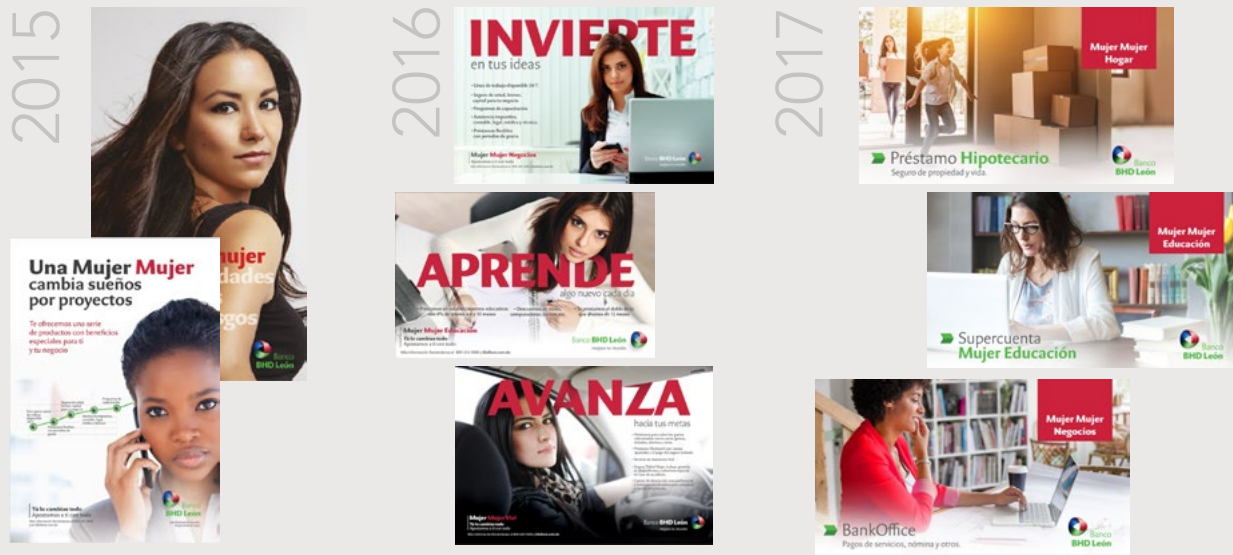
# Breaking Paradigms: Marketing to Women Effectively

Learning to effectively market to women was a key aspect of BHD León's Women's Market program. From its research, the bank knew that the sub-segments it had identified – salaried employees, professionals, heads of household and SME owners – had different realities and needed to be engaged with as such in marketing messaging. BHD León's research also showed that women in the Dominican Republic did not want messaging that reflected their traditional or stereotypical societal roles, but rather represented them as they actually were or aspired to be. BHD León's subsequent Mujer Mujer branding and advertising campaigns attempted to avoid stereotyping and spoke directly to the actual needs and preferences of each sub-segment in an inspirational yet attainable way.

BHD León's first campaign in 2015 had the objective of positioning the Mujer Mujer value proposition in the market

and relating it to the overall BHD León brand. The results were compelling: In a 2016 survey of both men and women, 69 percent of those surveyed said BHD León was a bank that supported women, and 79 percent considered banks that supported women as either extremely relevant or relevant to their lives. 84 percent of those surveyed believed that banks in the Dominican Republic should develop initiatives for women (compared to 12 percent for baseball and 1 percent for soccer).

Now that the bank has successfully positioned itself as the bank of choice for women in the Dominican Republic, BHD León's latest campaign seeks to deepen understanding of the bank's customer value proposition. The campaign features customer testimonials and specifically addresses how Mujer Mujer has materially supported their needs and aspirations.



“The role of marketing for our gender strategy goes beyond informing and publicizing financial and non-financial value propositions. The empowerment of Dominican women is our goal, and that is why we take on the commitment to be their bank of choice – motivating them to value their capacity and strength and to recognize that their passion and dedication make them the true MUJER MUJER to whom we address our campaigns.”

- **Maria Gabriela Mariné**

Alliances, Marketing and Publicity Manager, Banco BHD León

## Women Who Change the World

BHD León also embedded a gender lens into its CSR strategy, introducing the annual Premios Mujeres Que Cambian el Mundo, “Women Who Change the World Awards,” in 2015. The bank's research showed that women were seeking role models and recognition, and BHD León realized they could play a pivotal role in providing this. The awards were designed to recognize the important role women play in the country emphasizing those that have a positive impact on their communities or society as a whole.

The third edition of the awards saw more than 300 applications, with 20 finalists selected. Free business and financial advice is offered to all finalists, with a financial award given to the top three finalists. The 2017 winner, María Marciano, is a Catholic missionary whose work has benefited 66 thousand low-income people in vulnerable communities in San Juan de la Maguana and the border region with Haiti. Her efforts have helped to eradicate child labor; implement educational and vocational training programs; implement initiatives to protect watersheds, rivers and forests; provide housing to more than 200 families living in extreme poverty; and construct 43 aqueducts.





## Selling the Gender Lens Internally

After developing a customer value proposition that put women's needs first, the bank needed to deliver it. To do this, BHD León set to work re-engineering its sales approach to better suit the preferences of their women clients, moving from the traditional "product push" approach to listening to the customer, providing advice and offering specific solutions based on individualized needs.

This evolution toward a more solution-based approach required a change in mindsets across the bank. As a first step, the bank began to internally promote the gender strategy, highlighting the importance of the Women's Market for the bank's overall performance and sending out reinforcing communications from senior management. They then developed a comprehensive training program that specifically targeted the sales force, demonstrating how to understand customer needs and offer solutions. The training included practical approaches to becoming a provider of solutions to customers, using the latest employee training techniques such as videos of role plays. Once the training was tested it was rolled out throughout the sales force and branch front line employees. Respected sales leaders were selected from each region to be Ambassadors, were trained, and then were deployed to train the sales force within each of the branches.

BHD León rolled out each product bundle one at a time, training the sales force on each solution as it was launched. This approach gave the bank the added benefit of maintaining excitement for the program in the market throughout the year as new bundles were introduced. Today the solutions training is given to new sales staff and is tailored to the particular segment each sales person is responsible for.



## Maintaining Momentum

To ensure the program continues to be embedded in the bank, BHD León introduced cross-selling incentives for its sales staff that encourage them to focus on specific products related to their segment focus by offering financial compensation based on a percentage of their commission.

The bank also runs communications campaigns, including weekly tips on selling to women and key things to remember for the sales force, and a monthly communication from the CEO and a three-times monthly Mujer Mujer newsletter emphasizing the strategy that goes to all bank employees. The annual training for the entire sales force includes a gender module, and BHD León is planning to incorporate one into induction training for all new hires. Further, ongoing mystery shopping helps reaffirm that the tools given to the sales force in the training are put to use in their daily work.

## Leading the Way

A cross-functional internal steering committee of senior managers led by the CEO was established during the design and development of the program and still meets once a month to ensure the Women's Market program is on track. This Mujer Mujer Steering Committee is comprised of the bank's Chief Executive, as well as representatives from Marketing, Customer Experience, Segments, Insurance Banking, Public Relations, Human Resources, SMEs and Credit Cards, and reviews business results, discusses opportunities and challenges, and ensures integration across the bank.

In parallel with the launch of the Women's Markets Program, the bank ramped up its diversity and inclusion efforts to ensure it is not only the bank of choice but also the employer of choice for women. Today the bank ensures equal pay for men and women for equal work, monitors hiring and promotion by gender, and offers maternity benefits. BHD León also signs on to international initiatives such as the UN Women Empowerment Principles, a set of considerations to help the private sector focus on key elements integral to promoting gender equality in the workplace, marketplace and community, and He for She, a solidarity movement created by UN Women to engage both men and women in gender equality efforts. The company is also becoming EDGE certified, a leading global certification system for workplace gender equality.

## Mujer Mujer Manifesto

BHD León developed a vision statement that summarizes the bank's commitment to women. The manifesto describes women as agents of positive change in their own lives, the lives of their families and for the future of their communities. It explains that BHD León is dedicated to honoring women's strength and capacity to overcome obstacles by inspiring, encouraging and promoting their abilities.

# Measuring Outcomes

BHD León measures the progress of the program and its business impact across the bank by tracking indicators in four key areas:

- Financial Services
- Non-Financial Services
- Client Engagement
- Diversity and Inclusion

The bank's goal is that every woman client has, at minimum, a Women's Market credit card and a savings or checking account, plus another product such as insurance or programmed savings. To support this, the sales force has clearly KPIs that include: volume per product, financial contribution, level of satisfaction and cross-selling. The Women's Market Manager's KPIs are tied to sales force metrics and include:

- Volume, per product
- % clients with consumer loans
- Financial contribution
- % clients with credit card
- Level of satisfaction
- % clients with commercial loans
- Attrition
- % clients with insurance

## The Results

BHD León's efforts with the Women's Market have been extremely successful. Loan and deposit growth to women since the program's start have been very strong, with double-digit growth rates registered across segments, and in particular for women-owned businesses. Other metrics such as products per customer and financial margins have also increased considerably.

BHD León's insurance business also has shown extremely positive results. On average, growth of women with insurance is higher than for those with no insurance. Women with insurance also show higher product usage, with 3.8 products per customer compared to women without insurance, higher savings growth rates at 11 percent compared to women without insurance, and higher average financial contributions (more than double). In fact, in a third-party market survey conducted in 2016, insurance was cited as the most important benefit in BHD León's customer value proposition to women. This is clearly reflected in BHD León's results, which show that in 2015 women's average number of insurance products was 1.1 per client versus 1.5 for men, increasing by 31 percent in 2016 to 1.5 versus 1.6 for men.

The bank's research also showed the perception of Mujer Mujer among both the mass market and female SME owners is very high, with the vast majority of women surveyed rating the program a 4 out of 4, where 1 is "very unsatisfied" and 4 is "very satisfied."

2-year annual growth (2014-2016)	Total	Retail	SME
Growth in women customers	13%	12%	16%
Growth in loan portfolio to women	19%	16%	26%
Growth in deposits held by women	11%	10%	15%

	Women with insurance	Women with no insurance
Client YOY	27%	14%
Products per Customer	3.8	1.9
Avg. savings YOY growth	11%	1%
Avg. credit YOY growth	1%	2%
Avg. Financial contribution (in RD\$)	1,520	650

## What Banks Can Learn from BHD León's Experience:

1. Don't just think about the value proposition, but the business model to deliver it
2. A Women's Market program can be a powerful way of motivating change inside the bank and shifting paradigms in all areas of operations
3. Women don't need financial products, they need solutions



The **Global Banking Alliance for Women** is a consortium of financial institutions driving women's wealth creation. Our member institutions work in more than 135 countries to build innovative, comprehensive programs that deliver women entrepreneurs the tools – access to capital, information, education and markets – they need to succeed. Membership in the Alliance provides our member institutions with a global clearinghouse for best practices and a unique platform for peer learning, giving them the resources they in turn need to serve their women customers well.

For information on the Global Banking Alliance for Women, please visit [gbaforwomen.org](http://gbaforwomen.org)

