BLC Bank: Strategic Differentiation in Women’s Market Yields Significant Profits

BLC Bank at a Glance

- A family-owned bank founded in 1950, BLC Bank has almost tripled its asset base in the last five years.
- BLC Bank holds US$5.4 billion in total assets and operates through 55 branches across Lebanon and Cyprus, with a representative office in Abu Dhabi, UAE.
- The Bank serves more than 31,000 women customers, with a loan portfolio of US$180 million and deposits of US$750 million.
- BLC Bank was the first bank in Lebanon to introduce a Women’s Market program, a business award program and a dedicated women in business award.
- The Bank was the first in the Middle East to become a member of the Global Banking Alliance for Women and the first in the region to be part of its Governing Board. BLC Bank was also the first in MENA to commit to the UN Global Compact Women’s Empowerment Principles (WEPs).
- BLC Bank was awarded the Women’s Empowerment Corporate Leadership Award in 2012 by the The New Economy (TNE) Magazine.
- Women currently make up 43% of senior management, a number that is expected to increase to 50% by 2020. More than half of the Bank’s staff members are women.

BLC Bank of Lebanon began looking at the Women’s Market opportunity in 2010 and quickly recognized its potential — not only as a growth market, but also as a competitive differentiator. Soon thereafter, BLC Bank became a member of the Global Banking Alliance for Women (GBA) and launched its We Initiative Women’s Market program. Today, BLC Bank has thoroughly embedded We Initiative into its corporate culture, and the program has achieved substantial business returns. The Bank’s Women’s Market strategy has given it an advantage over competitors, and its best practices have become a model for banks around the world.

The Women’s Market: Developing a Competitive Edge

BLC Bank operates in a highly competitive environment, with more than 70 banks serving a population of 4 million. As it sought to differentiate itself, the Bank began conducting research on the female economy in Lebanon to understand its potential. The opportunity was significant: Although women represent more than half of Lebanon’s population and half of its university graduates, they are 47% less likely than men to have a bank account. Women represent 27% of the country’s workforce and own 33% of businesses, but receive only 3% of bank loans.

Observing these gaps, BLC Bank realized the value of women both as a market and a strategic differentiator. The Bank set out to find ways to reach this untapped market, beginning its journey by becoming a GBA member, and attending the 2010 GBA Annual Summit hosted by the International Finance Corporation (IFC) and the 2011 Summit hosted by Westpac. Drawing on ideas it learned from fellow GBA members and with support from the IFC, BLC Bank launched the We Initiative program in 2012 — just 7 months after the start of its feasibility study.

In only 2 years, We Initiative started generating significant business returns. It currently represents more than 18% of the Bank’s profits, with double-digit growth projected for the next 3 years. We Initiative has positioned BLC Bank as the Bank of Choice for women in Lebanon and as a global example for Women’s Market best practices.

“We are absolutely convinced, as a bank, that there is a very good business case for targeting the Women’s Market.”

-Raoul Nehmé
General Manager, BLC Bank

References:
1. GBA calculations based on 2014 Findex data
2. Central Administration of Statistics 2014
3. World Bank Enterprise Survey Lebanon 2009
4. GEM Women’s Report 2010
Strategizing Success: The CVP and Marketing

To develop its Customer Value Proposition (CVP) for women, BLC Bank’s team conducted extensive research among both male and female customers and non-customers. The results surprised them: Women felt disrespected by and mistrustful of banks, and while they were mostly satisfied with BLC Bank’s existing products, they wanted better support and more personalized services.

The CVP the Bank developed includes both financial and non-financial services. Many of the elements already existed in the Bank — the challenge was to integrate them into a cogent CVP.

BLC Bank found two particular gaps women faced that could be addressed with slight product modifications. First, they adopted a legal workaround that enabled women to open accounts on behalf of their children — ordinarily prohibited by Lebanese law. Second, BLC Bank designed a collateral-free loan to provide greater access for women small business owners.

Beyond Finance: Helping Clients Do Better

The bulk of BLC Bank’s innovation lies in its non-financial services offer. Developed on the basis that if clients do better, they become better clients, services are centered on three areas:

1. **Learning and development:** BLC Bank found that women feel they lack the skills to start and grow their businesses. To address this, BLC Bank developed Business Power Sessions, an intensive business education program that supports both female and male entrepreneurs through business fundamentals modules and networking opportunities. To cater to more remote areas, BLC Bank launched technical roadshows and partnered with specialized associations.

2. **Market exposure:** Recognizing the importance of networking and the many social and business constraints women face, BLC Bank developed programs to connect women business owners to suppliers, mentors and experts. BLC Bank also organizes the annual Brilliant Lebanese Awards, which includes a Woman Entrepreneur of the Year Award. In 2013 and 2014, the awards show was broadcast on national television, raising the honorees’ profiles and creating role models for women entrepreneurs across the country. In 2014, BLC Bank also partnered with a local TV station to produce a 16-episode series that showcased real-life stories of successful BLC Bank women entrepreneurs.

3. **Information and guidance:** BLC Bank developed an online platform ([we-initiative.com](http://we-initiative.com)) that provides business tools, articles, access to experts and mentors, and opportunities to network with other members. BLC Bank was also selected by the IFC as a local partner for its SME Toolkit website ([lebanon.smetoolkit.org](http://lebanon.smetoolkit.org)).

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**Key Research Findings**

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<tr>
<th>CVP</th>
<th>Product / Service</th>
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| ACCESS TO FINANCE | • Collateral-free loan  
| | • Mother-child account  
| | • Access to all regular banking products and services  
| ACCESS TO KNOWLEDGE | • Business Power Sessions  
| | • Technical Roadshows and trainings  
| | • Advice from mentors and experts  
| | • Access to [lebanon.smetoolkit.org](http://lebanon.smetoolkit.org)  
| ACCESS TO MARKETS | • Roadshows and networking events  
| | • Brilliant Lebanese Awards  
| | • Digital presence: [we-initiative.com](http://we-initiative.com)  
| ACCESS TO SERVICE EXCELLENCE | • Staff training  
| | • Improved processes to increase efficiency and turnaround times  
| | • Alternative delivery channels: 24/7 Banking: Smart ATMs, Mobile & E-Banking, Mobile Payment  
| ACCESS TO CSR | • UN Global Compact signatories  
| | • Strengthen work with community organizations  

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“We designed the non-financial services to provide solutions to critical challenges women entrepreneurs face, creating a useful, intuitive, and differentiated customer experience both online and offline.”

- Maya Margie Younes  
  Head of Marketing,  
  BLC Bank
Optimizing Procedures

BLC Bank adapted some of their procedures and communication strategies based on their research findings. The loan application and approval process was streamlined to reduce turnaround time; loan document processing was modified to occur in stages and reduce the burden to customers; and a tracking system is being implemented to allow customers to monitor the status of their applications. Additionally, marketing messages were tweaked to appeal more to women, and targeted materials and visuals were developed.

Training for Change

BLC Bank knew that staff training was key to driving culture change. Three modules were developed: Excelling in Selling to Women, Gender Intelligence, and SME and the Women’s Market. These integrate such research findings as the importance of establishing a relationship instead of focusing on a hard sell, and selling product benefits, not just attributes.

Gender modules have since been integrated into BLC Bank’s induction training for all new hires.

Excelling in Selling to Women

Female customers:
- Want to connect with bank employees
- Feel connected through talking
- Are detail-oriented
- Prefer collaboration to conflict
- Are interested in products that benefit them, their community
- Notice inconsistencies
- Shop around for best-suited products and ideas
- Are aware of non-verbal cues

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Diversity Matters

BLC Bank realized it would need to become the employer of choice for women in order to become the bank of choice for women. To achieve this, a number of human resources practices and policies were updated. BLC Bank:

- Added gender equality as one of its five corporate values.
- Implemented access to part-time work with 2 months of full pay for employees returning from maternity leave and introduced paternity leave. BLC Bank also is aiming to implement flexible working hours.
- Adopted a grievance policy.
- Established internal mentoring programs to ensure new staff members and staff in middle management have career support.
- Enhanced diversity KPIs and established targets for women, including recruitment, staffing levels, remuneration, employee NPS, employee development and turnover. BLC Bank also publicly announced a target of 50% women in senior management by 2020.
- Ensured diversity was incorporated into procurement practices.
- Aligned its practices with international principles and increased its accountability by signing on to the WEPs.
- Empowered female employees to establish the We Club.

As a result of many of these changes, BLC Bank’s female employee representation grew from 47% to 51% since the launch of We Initiative.

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Rather than create a dedicated unit for We Initiative, the platform was mainstreamed across all functions in the Bank. A We Project Team was established, with cross-functional representation from implementing team members, to ensure on an ongoing basis the successful development and execution of the program. A We Steering Committee of senior managers was also created to provide high-level guidance on major decisions about the program.

Two new positions were created at the head office: the We Initiative Brand Manager, with the main responsibility of planning and coordinating program strategies, and the We Specialist, responsible for working with the branches to ensure uniform branding and implementation of the program, support Bank staff in approaching women-owned companies and support them in meeting KPIs for the Women’s Market program.

In turn, each branch has a We champion who ensures that his or her location has We Initiative branding; promotes We workshops and other non-financial services to customers and prospects; and liaises with local municipalities, women’s associations and NGOs to coordinate and market these activities. Finally, program ambassadors work at the regional level as We Initiative liaisons to the team at the head office.

“We wanted to ensure buy-in across all levels of the Bank. We selected branch-level representatives to do this consistently and efficiently.”

- Youssef Eid
Head of Retail Banking Group, Assistant General Manager
BLC Bank
What Is Measured Gets Done
BLC Bank understood that setting up an effective performance management system from day one was essential to the program’s long-term success. The first step in this process was adapting the MIS to ensure that all customer data would be sex-disaggregated moving forward. The Bank repurposed an unused field in the MIS to track account ownership by sex and updated applications to collect this information. BLC Bank also leveraged strong Know Your Customer information in their systems to identify prospects.

Tagging existing accounts, however, was less straightforward. Identifying the sex of a personal account holder was relatively easy, but in the case of businesses, the Bank had to manually review each account and tag it as woman-owned based on the sales team’s knowledge of its clients. This effort took considerable time and resources, but it was very important as it allowed the Bank to establish a baseline.

Strengthening Alignment Through Targets
Once a baseline was established, BLC Bank incorporated performance targets for all We Initiative segments and products into the Bank’s existing incentive structure. The targets helped ensure employee performance. They were tied to results, and were set to be achievable, measurable and consistent with the program strategy. BLC Bank also updated its monthly performance scorecard to give Women’s Market incentives a higher weight.

A Comprehensive Approach to Measurement
We Initiative performance is measured across Financial Services, Non-Financial Services and Diversity & Inclusion. Each area has its own set of metrics:

<table>
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<tr>
<th>FINANCIAL SERVICES (by segment/product)</th>
<th>NON-FINANCIAL SERVICES</th>
<th>DIVERSITY &amp; INCLUSION</th>
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<tbody>
<tr>
<td>Loans disbursed to women</td>
<td># of events (roadshows, trainings, etc.)</td>
<td>% women in lower, middle and upper management</td>
</tr>
<tr>
<td># of new women clients</td>
<td>Event evaluation rating</td>
<td>% of promotions by gender</td>
</tr>
<tr>
<td>Outstanding deposits to women</td>
<td># of award applicants</td>
<td>Turnover by gender</td>
</tr>
<tr>
<td># of women deposit clients</td>
<td># of website visits, # of page views, # of visitors by source</td>
<td>Average salaries by gender</td>
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<td></td>
<td></td>
<td>Salary increases by gender</td>
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What Other Banks Can Learn from BLC Bank:

1. **Integrate, don’t segregate:** Integrating the Women’s Market value proposition across all departments of the Bank was a critical success factor for the program.

2. **Training, training, training:** Cultural barriers, and conscious and unconscious biases could only be eliminated through extensive training at all levels of the organization.

3. **Establish a comprehensive performance management system from the start:** By working with the Bank’s existing culture of sales targets, BLC Bank was able to incentivize women as a valuable and profitable segment.

**Proving the Business Case**

Beyond program performance, BLC Bank quantifies the contribution of the Women’s Market to the Bank in terms of number of products per customer, portfolio outstanding, profitability, acquisition rate, non-performing loans and client’s Net Promoter Score (NPS).

In addition, BLC Bank performed an extensive analysis to calculate the overall project IRR and Economic Value Add to the Bank. Estimating the marginal cash inflows for all segments of the Women’s Market program since program launch and calculating all of the program’s expenses, BLC Bank determined that, on a conservative growth scenario, We Initiative’s IRR is in excess of 33%.

**ROA Comparison by Segment**

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<th>Women</th>
<th>Men</th>
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<tbody>
<tr>
<td>Retail ROA</td>
<td>7.62%</td>
<td>7.64%</td>
</tr>
<tr>
<td>Small business ROA</td>
<td>8.61%</td>
<td>8.16%</td>
</tr>
<tr>
<td>Medium business ROA</td>
<td>8.07%</td>
<td>7.56%</td>
</tr>
<tr>
<td>Large business ROA</td>
<td>7.98%</td>
<td>7.66%</td>
</tr>
</tbody>
</table>

“While paying attention to the Women’s Market, we are not rendering a service to women themselves as much as we are catering to a major market influence on our global economic growth.”

– Joe Baddour
Head of Corporate Banking Group,
Assistant General Manager, BLC Bank

“Proving the Business Case”

For information on joining the Global Banking Alliance for Women, including downloadable application forms, please visit gbaforwomen.org

The Global Banking Alliance for Women is a consortium of financial institutions driving women’s wealth creation. Our 44 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.