

# IFC BANKING ON WOMEN

## Business Case Update #2: Lower NPLs for Women-Led SMEs

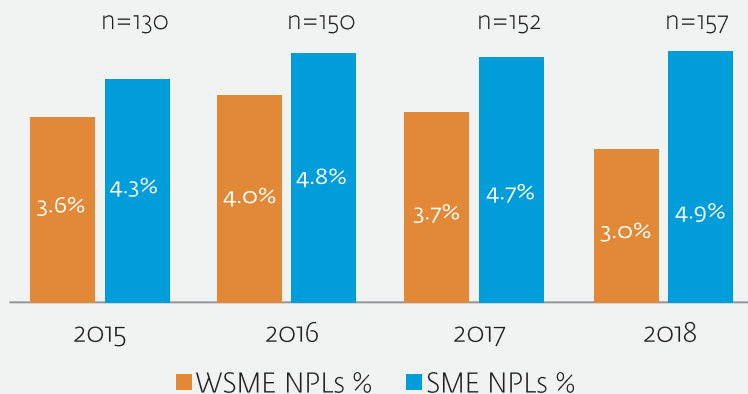
IFC's annual survey of its banking clients continues to provide insight into the potential size and financial performance of women-led small and medium enterprises (WSMEs) and why financial institutions should pay greater attention to this segment.

### Main Findings

- Women SME Loan Portfolios Continue to Exhibit Lower NPLs than Total SME Portfolios: In a surveyed sample of 157 IFC client financial institutions (FIs) in CY2018, the average NPL ratio for loan portfolios of Women-Led SMEs (**3.0%**) was significantly lower than the average NPL ratio for Total SME Loan Portfolios (**4.9%**) comprising men- and women-led SMEs. This data follows the same trend of better performance for women-led SMEs over the past four years, whether or not the financial institutions launched specific strategies to target women customers.
- In a smaller sample of 37 IFC clients with a *specific strategy to target women customers* through IFC's *Banking on Women* business, the difference is even more pronounced – the average NPL ratio for loans to Women-Led SMEs was 1.9% vs. the average NPL ratio for Total SME Loan Portfolios of 3.8% in the same sample in CY18.

For four consecutive years, the average NPL ratio for loans to Women-Led SMEs has been lower (better) than the average NPL ratio for Total SME Portfolios.

### WSME and SME 90-d NPL %, CY 2015 - 2018



IFC Reach Survey Data, 2015-2018

### Additional Findings from CY2018:

- Women-led SMEs account for **17%** of the overall number and **10%** of the overall value of SME loans in portfolios of 157 surveyed IFC client banks in 2018.
- Average loan sizes to Women-Led SMEs were **smaller** than average loan sizes to Total SMEs. Women-Led SMEs had average loan sizes of US\$27,450 vs. US\$45,638 for Total SME Portfolios.

## Additional Findings from 2015-2018:

### What is the experience of most financial institutions in the WSME segment?

- When we change our focus from average aggregate NPL ratios to analyze the number of financial institutions that experience better asset quality for loans to women entrepreneurs, we note, similarly, that the majority of IFC's client financial institutions observed lower NPL ratios for Women-Led SME Portfolios compared to total SME Loan Portfolios over the 4-year period CY15-CY18.
- For example, in CY2018, for 62% of the 157 IFC client financial institutions in the survey sample, NPLs for WSME Loan Portfolios were lower (better) than NPLs for Total SME Portfolios. For 6% of the 157 IFC client financial institutions surveyed in CY18, NPLs for WSME Loan Portfolios were roughly equal to NPLs for Total SME Loan Portfolios. In total, 68% of the 157 client financial institutions observed that NPLs for WSME Loan Portfolios were equal to or better than NPLs for Total Loan Portfolios in 2018.

## IFC BANKING ON WOMEN

IFC's [Banking on Women](#) business provides finance, advisory expertise, and actionable data to financial institutions to help them expand valuable services and opportunities for women customers and women business owners in emerging markets. Since 2012, we have invested in and provided expertise to over 93 financial institutions worldwide to launch successful, profitable value propositions for women customers.

Recent and notable initiatives include:

- 2018: Launched [First Gender Bond with Garanti Bank BBVA Turkey](#)
- 2019: Reached US\$ 2.45 billion in cumulative investment portfolio dedicated to WSMEs
- 2019: Launched [First Women Entrepreneurs Bonds in the Asia Pacific Region](#) with Bank of Ayudhya (Krungsri) in Thailand
- 2019: Launched [First Gender-Focused Trade Finance Program](#) (BOW-GTFP)

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