

# AFRICA SME FINANCE FORUM NAIROBI

**15-16 MAY  
2018**



## PROCEEDINGS

### Banking on Women – What is the Return on Investment?

Moderator: Colin Trevor Daley, Global Specialist, Banking on Women, International Finance Corporation (IFC)

Panelist 1: Chizoba Iheme, Head, Liabilities-Emerging Businesses, Diamond Bank

Panelist 2: Chanda Chime-Katongo, Public Relations and Communications Manager, Women's Banking Proposition and Corporate Affairs, Stanbic Bank Zambia Limited

Panelist 3: Maria Christina Gonzalez, Vice President, Risk Management, Banco Pichincha, Ecuador

#### Executive Summary

Commercial bank experience has demonstrated that banking on women is a sustainable and profitable business opportunity. Challenges in promoting women businesses arise both internally from within the organizations and externally from the larger ecosystem. Each bank takes a different approach in addressing these challenges, but non-financial services seem to play a crucial role.

#### Defining a Woman-led Business

- IFC defines a woman-led business as a firm with either more than 51 percent women's ownership, or with 26-50 percent women's ownership in a business that has a woman Chief Executive Officer (CEO), Chief Operating Officer (COO) or Vice President (VP). If there is a board, 30 percent of the board structure would be comprised of women.

#### Banking on Women as a Business Opportunity

- A report jointly produced by IFC, AXA and Accenture revealed that by the year 2030 the insurance needs for women will amount to US\$1.7 trillion.

- A market research conducted by World Wide Worx in South Africa showed that 78 percent of female-run businesses are successful, compared to 69 percent of those run by men.
- Typically, in Africa, a man is likely to borrow twice before a woman is able borrow once, thereby constituting another barrier for women.
- Stanbic Bank of Zambia noticed that 26.7 percent of its account holders were women. On average, those accounts have higher balances and much lower levels of non-performing loans (NPLs).
- Zambia has a population of 17 million people, 51 percent of which are women. However, a large proportion of them are unbanked, that is not served by a bank or other financial institution.
- Banks in Peru have shown that the loan ticket for women is considerably lower than that for men.
- Data has shown that women are very keen on saving money and purchasing insurance.
- Diamond Bank made a case for a woman proposition based on the following: 41% of women in Nigeria are entrepreneurs, the highest number of female entrepreneurs in the world according to the Bill & Melinda Gates Foundation. Women are loyal customers who are more relationship than transaction driven. If satisfied, women customers are more likely to refer business through word of mouth advocacy and are also less likely to defect. But women are four times more likely to complain to others if they have a bad service experience according to a survey conducted by Trendsight Group.

### **Promoting Banking for Women**

- CEOs and bank executives commonly assert that they already provide the same products and services to both men and women, and that there is no reason to differentiate them. Others argue that they have invested in gender-differentiated products before, but saw no profit.
- The position or role of the CEOs and executive team working at banks will determine how much attention is paid to women clients.
- It is important that banks have a clear internal strategy, and that bank executives and boards see the benefits of reaching out to women clients.
- Employing women in leadership and management positions can lead to greater focus on women clients. For example, Stanbic's staff is 42 percent female, and the executive team is 50 percent female.
- Banks should have a socially responsibility strategy and show their commitment to increasing bank services to women. Pichincha was the first private bank in Ecuador to sign the United Nations Women's Empowerment Principles.
- Gathering data is very helpful in formulating business strategies and understanding women's banking needs. Personal account data is easily obtainable, but there is less information available about the women's business segment.
- After launching Anakazi Banking<sup>1</sup>, one of the challenges for Stanbic concerned the lack of sufficient knowledge among staff at the branches about the product as compared with the headquarter staff. Therefore, information about the offering and selling this product was

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<sup>1</sup> Anakazi Banking's philosophy is banking tailor made for women by women.

included in the sales goals and Key Performance Indicator (KPI) dashboards. Top sellers in terms of the number of accounts opened are now being rewarded.

- Banco Pichincha, with the aid of IFC, is now training its sales force on a nationwide basis.
- Staff are receiving reinforced training to listen to customers and be more accommodating in understanding customer needs.
- Regarding customer management, various channels will be used for existing customers, as well as for attracting potential new customers.
- Stanbic has seen that Non-Financial Services (NFS) attract women to banks.

### **Diamond Bank's Experience**

- Diamond Bank of Nigeria works with women in business in terms of granting access to financial services, technology and information.
- Diamond Woman is a Value Adding Proposition for potential and existing female customers of Diamond Bank, regardless of their product holding. It is not a product offering for women only. It is a proposition that deliberately seeks to identify some of the pain points of women in the pivotal areas of their lives and provide meaningful solutions to them. The proposition caters to women in all spheres of life. They include the homemaker, the entrepreneur and the professional.
- Diamond Bank of Nigeria works with women in business in terms of granting access to financial services, technology and information also works with the professional and the homemaker to provide lifestyle benefits and other financial products.
- Diamond Bank provides NFS, partnering with Google, Microsoft, Facebook and other organizations to help its clients in capacity building, training and financial retraining.
- Every year Diamond Bank hosts the Beauty Souk, a beauty products and services fair, where women are able to sell their products, network and access the larger market.
- For the past seven years, Diamond Bank has partnered with the Enterprise Development arm of the Pan African University under the Building Entrepreneurs Today Program. The program involves the training of over 50 SMEs, a large percentage of which are managed by women. At the end of the training period, five of the firms are awarded a \$8,333 USD (N3-million- Naira grant) grant ensuring that up to 40 percent of them are women businesses. Over 350 SMEs have been trained and 35 rewarded with the grant.
- Diamond Bank is pro women. The CEO sits on the board of Women's World Banking (WWB), a global microfinance non-Governmental Organization (NGO) focused on financial inclusion for low income women. Diamond Bank worked with WWB to grant loans targeted at women using the Cashflow based Lending Methodology. This is in recognition of the cultural challenges women face in securing loans in Nigeria.
- As part of its financial inclusion strategy, Diamond Bank developed the Beta Proposition and the Beta account. A product designed in collaboration with WWB, BETA Proposition for the Un(Der) Banked Woman in Nigeria, is driven by the need to avail access & deepen usage of formal and innovative savings options. BETA provides access to doorstep banking services from mobile sales and service agents known as BETA friends, in addition to branches and ATMs.
- Women were not accustomed to putting their money in banks. More than 1,200 Diamond Bank field agents are now reaching out to women to help them to collect money to open accounts.

- Diamond Bank discounts the interest rate paid by female led businesses, lower than the rate with their male counterparts.
- The bank's complaint platform is the same for women and men, however the bank has a Diamond Woman Website where women can interact.
- Diamond Bank launched a new platform for SMEs called the DiamondSMEzone at its TechFest. It's an Events and Learning Management Platform used in capacity building, Information Dissemination, Advisory Services and Social networking for SMEs

### **Stanbic Bank Zambia Limited**

- Stanbic bank is part of the Standard Bank group, which has been in Africa for more than 150 years. It is the largest bank in Africa in terms of asset size.
- Stanbic works in Zambia with key players in different sectors, such as agriculture, mining, energy, infrastructure and SMEs. The bank has found women to be a successful story of the SME sector.
- The Zambian population is 51% female and a large number of these women are entrepreneurs.
- Stanbic's women's banking proposition focuses on providing women with access to finance, knowledge and convenient banking services. In this context, Zambia's Central Bank has introduced key strategic partners to Stanbic as part of its effort to increase financial inclusion for women in particular. It became the first bank in Zambia to be part of the Global Banking Alliance for Women.
- With the help of IFC and other key partners, Stanbic launched its women's banking proposition in 2017. Its strides to increase the size of its women's market share in Zambia. As a result of its efforts, it has been recognized numerous times by the national government and international bodies, and has received women's entrepreneur awards.
- Within the first year, the bank had seen a significant increase in the number of accounts opened by women.
- The banking solution for women was named Anakazi (Women) Banking, after feedback from several female client focus groups.
- Reaching out to female clients is fundamental. Stanbic Bank gathered groups of women from across the country to understand what their banking needs were. It did not entail the redesign of their products to look more feminine.
- Stanbic has given women a voice through a dedicated website for Anakazi Banking as well as the Anakazi Banking social media pages.
- The provision of non-financial services has been important in attracting women to the bank.
- Women can raise concerns, complaints and promote their businesses on the bank's platforms. Some lifestyle partners advertise their products to other female entrepreneurs. For instance, Shop Zed is a company through which women have a personal shopper and can have the products delivered directly to their homes.
- One of the pillars of Anakazi Banking is access to knowledge and to increasingly work on NFS. Stanbic's female clients are very interested in the mentorship and training sessions. They have partnered with Babson College under the Goldman Sachs 10,000 Women Initiative to train and mentor 10,000 women by the year 2020. One of the events involved bringing experts from Babson College to Zambia to work with entrepreneurs, eliciting positive responses from both men and women.

## **Banco Pichincha**

- Banco Pichincha has been operating in Ecuador for 120 years, representing 28 percent of the country's financial market.
- Ten years ago, the bank received technical support and guidance from various multilateral organizations to begin working on their women's business strategy.
- Pichincha saw a great business opportunity in microfinance. Indeed, 50 percent of the micro-businesses are women-led, compared to 30 percent of SMEs.
- The methodology entails financing with inclusive conditions. It is important to develop a close working relationship with customers, training them, and providing them with both financial and non-financial support. This helps customers to build their businesses, and scale them from microenterprises to SMEs.
- Pichincha did not create a separate brand for women. Instead, a new lending product was designed that did not require the usual collateral and a husband's signature.
- Regarding the working capital product, the length of the lending product was extended and grace periods were provided.
- Products should be targeted to women, but be equally available to women and men.
- Pichincha promotes different digital alternatives for its banking customers. With respect to women, however, they have found from their microfinance experience that women prefer person-to-person connections.