

Financial Service Providers Can Help Women in Business Navigate the Global Pandemic

The coronavirus pandemic is posing a grave threat to small and growing businesses around the world. Women entrepreneurs make vital contributions to their local economies and are particularly vulnerable to the economic effects of the pandemic. Banks and other financial institutions (FIs) are offering business customers valuable assistance in the form of loan repayment holidays, migration support to digital payments channels, and waived fees. FIs are in a position to complement these steps with non-financial support tailored to help women in business navigate the crisis. Promising examples of responses from FIs and other ecosystem players are emerging.

Women-led businesses are essential to local communities and valuable to financial service providers. Women own 34 percent of private businesses globally¹. They are more likely to employ other women². They are more likely to be making critical contributions to their communities during times of stress: 70 percent of women entrepreneurs enter the trade and service sectors, including health, education and social services³.

Women in business are attractive customers for banks and other FIs. The Financial Alliance for Women has found for five consecutive years that women-led micro, small and medium enterprises (MSMEs) pay back their loans at better rates than their male counterparts⁴. Moreover, evidence shows that, when done well, tailoring financial and non-financial business banking services to the needs of women entrepreneurs generates financial returns for the institution⁵. FIs that help their women business customers to stabilize now and plan for what's next can reduce portfolio risk and deepen client engagement, which can lead to longer-term loyalty as economies recover.

Even in the best of times, women entrepreneurs are more vulnerable to economic shocks. The nature of the COVID-19 pandemic compounds the risk. Research on entrepreneurship and gender in multiple regions⁶ has found that women business owners operate in a context shaped by underlying constraints. These constraints spring from environmental and social factors – not a lack of innate ability. They translate to non-financial needs that, when addressed, can help women entrepreneurs build resilience, plan for the future, and unlock growth.

Women-led enterprises are constrained in three ways that are particularly relevant to the current economic situation.

- 1) Women entrepreneurs are less likely to have a financial safety net than their male counterparts. The pandemic has potential to compound the impact of this in tragic ways.** Women own fewer assets and have smaller, less profitable businesses than men.

¹ World Bank, Enterprise Surveys, 2019

² World Bank Group, Innovation, Technology and Entrepreneurship Policy Note, Supporting Growth-Oriented Women Entrepreneurs: A Review of the Evidence and Key Challenges, 2014

³ Global Entrepreneurship Monitor 2018/2019 Women's Report, 2019

⁴ Financial Alliance for Women, The Economics of Banking on Women, 2019; IFC, Banking on Women Business Case Update #2: Lower NPLs for Women-Led SMEs, 2019

⁵ Financial Alliance for Women Case Studies: BLC Bank Lebanon, 2016; TEB Bank Turkey, 2017

⁶ HM Treasury, The Alison Rose Review of Female Entrepreneurship, 2019; World Bank, Profiting from Parity, 2019; BCG, Want to Boost the Global Economy by \$5 Trillion? Support Women as Entrepreneurs, 2019; World Economic Forum, Global Gender Gap Report, 2020.

Statistics suggest that women are more likely to survive the virus than men⁷. This means that when this is over, more women could find themselves in the role of sole breadwinner for the family.

Moreover, the World Bank is predicting a 20 percent decline in global remittances⁸ – the sharpest in recent history. The majority of remittance receivers around the world are women. The decline in remittances during the 2009 economic crisis negatively impacted overall gender equality, household welfare, and girls' enrolment in school⁹. The potential financial impact of the current crisis makes it all the more urgent to help women entrepreneurs build resilience.

- 2) Women entrepreneurs are less likely to have a diverse business network and less likely to have a mentor.** Networks play an important role in business growth and development: effective peer networks support both revenue growth and job creation¹⁰. In low- and middle-income countries, greater availability and use of entrepreneurial networks are linked to smaller gender gaps in business sustainability¹¹. Yet women entrepreneurs have smaller, less diverse networks than their male counterparts. This inhibits their ability to find timely business information; learn about relevant innovation; and connect with buyers, suppliers and peers with whom they can learn and share experiences.

Women are also less likely to have a mentor or role model who can share informed advice and guidance to help them navigate the unknown. The isolation required by the pandemic magnifies the need for women to be able to connect to knowledge and information resources.

- 3) Women entrepreneurs are time starved. The pandemic leaves them with even less time to search for answers and resources to help them stabilize and respond successfully to the crisis.** Women already disproportionately shoulder family care responsibilities – in no country in the world do men spend more time on family care than women¹². The current crisis has required schools to close and families to isolate. In this environment, the burdens of both extended childcare and care for sick family members overwhelmingly falls to women. This leaves them with even less time to devote to managing their business.

Women entrepreneurs need information, advice and guidance on how to assess their current situation, evaluate pathways to business survival, and plan for the future. They need this to be conveniently accessible and to come from a trusted source.

Financial service providers are well positioned to help Women in Business navigate the crisis. In addition to helping to stabilize local economies, this can reduce portfolio risk and deepen client relationships. FIs have an opportunity to complement the supportive financial services that many have already begun to introduce. The recommendations below are based on the needs of women entrepreneurs, but can benefit the broader MSME universe.

⁷ Science Alert, Why More Men are Dying of COVID-19 – a Geneticist Explains, 2020

⁸ World Bank Press Release, The World Bank Predicts Sharpest Decline in Remittances in Recent History, April 2020

⁹ IOM, Gender, Migration and Remittances, 2010

¹⁰ Argidius Foundation, Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs, 2019

¹¹ BCG, Want to Boost the Global Economy by \$5 Trillion? Support Women as Entrepreneurs, 2019

¹² World Economic Forum, Global Gender Gap Report, 2020.

FIs can help women entrepreneurs navigate the crisis by understanding their needs; connecting them to knowledge and information; and providing tools to help them take action.

- **Understand their needs:** Analyze portfolio data on a gender-disaggregated basis to identify gender differences in business sector and financial behavior. Then conduct rapid surveys to identify MSME main pain points and needs. Include women entrepreneurs in solution development: ask them what they need and tailor responses accordingly¹³.
- **Connect customers to reliable knowledge and information:** Use all available channels to deliver not only updates on financial products and lending policies, but also relevant sector information, regulatory developments, and tools to help customers work through business survival strategies. If digital channels are possible, include links to resources like online mentoring or business skills capacity building. Tailor channels to context: loan officers can be leveraged to disseminate information, as can the FI's website and social media.

Access to Finance Rwanda (AfR) Launches Online SME Response Clinic

AfR, in partnership with the Private Sector Federation of Rwanda and ConsumerCentriX, launched a digital platform to support SMEs navigate the current economic uncertainty. The portal offers access to information and links to resources in three categories: Managing My Finances, Expanding My Skills, and Insights for My Business.

Content is sourced from trusted authorities, including leading banks KCB Bank Rwanda and Bank of Kigali. The Expanding My Skills section features access to a Rwandan Business Survival Bootcamp developed by AMI, a leading business skills capacity building firm.

Explore the Clinic at www.smeresponse.clinic.

- **Tailor content to support survival strategies.** Leading banks that serve the women's market are developing digital modules on business survival strategies, cashflow management, pivoting the business, and digital literacy. Banco Nacional in Costa Rica is offering six months of free access to its digital training platform, normally available only to SME customers¹⁴. Westpac Bank in Australia has rolled out an SME Action Planning Guide to help businesses respond and adapt to the COVID-19 crisis. Topics include strategic cost-cutting and continuity planning.
- **Embrace digital tools that drive engagement while building knowledge and capacity.** Effective responses deal with the entrepreneur as well as the business. Digital tools that encourage participants to engage with each other, share experiences, and feel connected can be incredibly valuable. BRAC Bank in Bangladesh, Banco BHD Leon in the Dominican Republic and Banco Santander in Argentina are holding webinars for women business clients on topics such as strategy and business planning during the pandemic.

¹³ UN Women video, Four Key Actions to Include Women's Needs in the COVID-19 Response, 2020

¹⁴ Financial Alliance for Women, Business Response to COVID-19

African Managers Institute Develops Digital Capacity Building for Entrepreneurs

The African Managers Institute (AMI) developed Africa's first scalable solution for enterprise skills and capacity development. They recently rolled out two fully digital programs to help entrepreneurs navigate the current crisis. Entrepreneurs can find the programs on AMI's website as well through Access to Finance Rwanda and a leading bank in Uganda's SME portals.

The COVID-19 Business Survival Toolkit combines a 90-minute webinar with access to downloadable tools to help entrepreneurs with financial forecasting and cost management during an economic downturn. The toolkit is offered free of charge and open to all.

Survive to Thrive is a fully virtual program designed to help businesses navigate the unexpected challenges brought about by coronavirus (COVID-19) like reduced revenue and cash flow, supply chain disruptions, remote staff, and shifting business strategies.

Digital capacity-building programs can be particularly relevant to time-starved women entrepreneurs. To encourage participant engagement, AMI has deployed a digital platform that supports interactive webinars, discussion and networking among participants. AMI also ensures strong facilitation skills on the part of class leaders, as they and other implementers have found that with capacity building, excellence in content delivery is as important as the content itself.

- **Support migration to e-commerce.** Women are twenty percent more likely than men to be in the trade sector¹⁵. Online marketplace platforms such as Amazon provide skill-building to sellers that applies beyond use of the platform. Flipkart, the largest online marketplace in India, provides remote training across each stage in the seller journey, via phone calls, online training, webinars and text. Topics include financial literacy, soft skills development, product presentation, assortment and pricing¹⁶.
 - FIs may consider offering digital payments solutions for online sellers, and linking customers to information on the support offered by local marketplace platforms.
 - In locations without a major marketplace platform, FIs may help customers develop their own e-commerce sites, or develop an e-commerce portal where MSMEs can sell their goods.

TBC Bank in Georgia Helps Business Customers Migrate their Shops Online

The bank has launched a package that helps traders quickly set up an online store or place their products on a local marketplace platform. The tools include an online-shop building tool, photographer services, payment system integration and delivery support.

Banco Nacional in Cost Rica Launches E-Commerce Portal to Support Businesses

With NIDI, traders can easily display their products, manage inventory, and transact with buyers. The portal is integrated into Facebook and other social media to maximize its reach. Vendors on the portal receive access to online training where they can learn about online sales and marketing.

¹⁵ Global Entrepreneurship Monitor 2018/2019 Women's Report, 2019

¹⁶ Caribou Digital, Platform-Led Transformational Upskilling Report: How Marketplace Platforms Can Transform Emerging Markets by Investing in Skills Development, 2020

FIs have a unique opportunity to support women entrepreneurs now to help them survive and plan for the future. Doing so can help stabilize local economies and mitigate portfolio risk today. It can also deepen client engagement and loyalty, which pays back over the long-term.