



# Women's World Banking

---

How Can We Make Microfinance More Useful to Women?

Inez Murray

March 8, 2012

How does WWB promote financial services to benefit women?

# Mission and Impact

## Mission

To expand the economic assets, participation, and power of **low-income women** and their households by helping them access financial services, knowledge, and markets

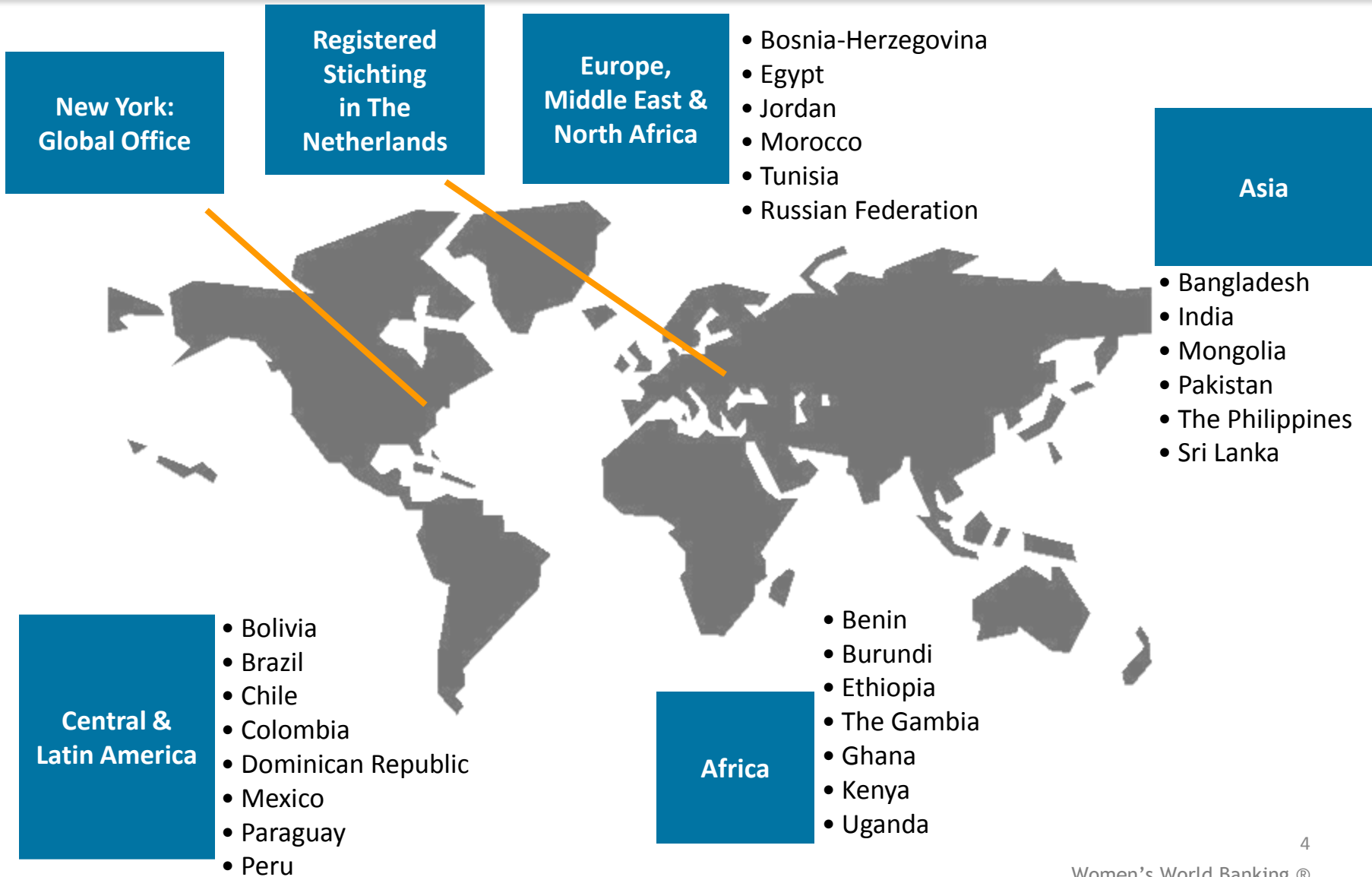
## Vision

One day all women will be able to build a secure financial future for themselves and their households

## Network

- **Largest network in microfinance, built over 30 years**
- **39 microfinance providers**
- **27 countries: 7 in Africa, 8 in LAC, 6 in Asia, 6 in EMENA**
- **26 million active clients, 80% women**
- **\$7 billion in outstanding loan portfolio**
- **\$3.5 billion in deposits**
- **Average loan size of \$1,200**

# Global Footprint



# Women's World Banking Network Standards

## Best Practice Performance Standards

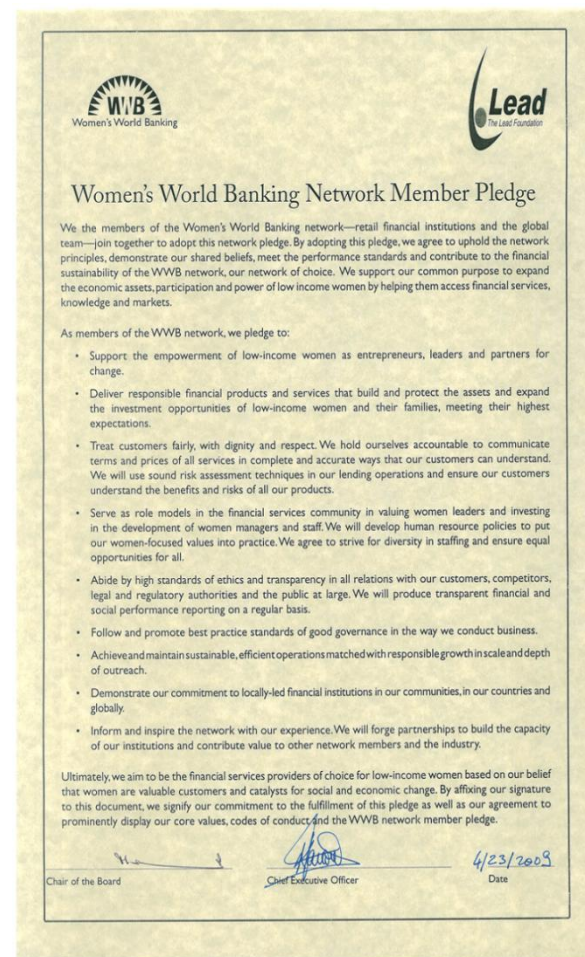
Indicator	Best Practice	
	Level	Weighting
Number of Clients	25,000	10%
Annual Client Growth	25%	5%
% of Women Clients	75%	15%
Average Loan Balance as a % of GNI per Capita	100%	15%
Portfolio at Risk at 30 Days	5%	15%
Operating Cost Ratio	17%	10%
Return on Assets	2%	15%
% of Women Staff	30%	5%
	5%	
% of Women Senior Managers	30%	5%
	5%	
% of Women Board Members	30%	5%
	10%	
TOTAL SCORE	100%	

- Women-focused MFIs outperform on growth, return and credit quality
- Women-led institutions shown to earn 53% higher ROE than institutions with the least female representation

# Women's World Banking Network Member Pledge

As members of the WWB network, we pledge to:

- Empower low-income women
- Deliver responsible financial products and services
- Treat customers fairly, with dignity and respect
- Value women leaders and invest in the development of women managers and staff
- Abide by high standards of ethics and transparency
- Follow and promote best practice standards of good governance
- Achieve and maintain sustainable, efficient operations matched with responsible growth
- Demonstrate our commitment to locally-led financial institutions
- Inform and inspire the network





# WWB's Gender Performance Initiative

The Gender Performance Framework helps to build the business case for targeting women by identifying a set of indicators that can best reflect an MFI's gender focus at three levels:



Investor

Quantify and incorporate gender as a social and financial return in investment decisions

Institution

Ensure women are well represented at all levels of an organization and adequate tools and policies are in place to promote gender diversity

Client

Improve our understanding of the financial needs of women; ensure products are designed, targeted, and distributed to serve women's needs

# WWB's Gender Performance Initiative - Framework

**Develop Hypotheses and Variables**

**Identify and Map Key Indicators**

**Conduct Pilot Tests**

**Analyze data and develop reports**

**Evaluate Key Indicators**

**Institutionalize Indicators and Disseminate Findings**

Based on WWB's 30 years of experience of working in the Women's Market

Feedback from industry Operational and Investor Advisory Groups

Two pilots launched by the end of Q1 2012



# Building Industry Accountability

## WWB sees great value in partnering with others in the industry to ensure microfinance stays true to its mission

- **Social Performance Task Force (SPTF)**
  - Participating in Universal Standards Working Group to develop universal standards
    - Provided feedback to the SPTF on social indicators
  - Leader of the Gender Performance Working Group
    - Drafted position paper outlining importance of gender in social performance management
- **SMART Campaign Certification Task Force**
- **Moody's Social Ratings Advisory Board**
- **Microfinance CEO Working Group**
  - Meet to discuss the future of the microfinance sector as it matures and faces new challenges
  - Recently published the “Road Map for the Microfinance Industry: Focusing on Responsible and Client-Centered Microfinance”

# Networked partners as unified problem solvers

**The WWB Network itself is a web of partnerships linking 39 field-based microfinance providers to each other and to the WWB global team in New York**

- **We learn from our network members and share that knowledge within the network and also the broader industry**
  - Introducing products
  - Accessing the capital markets
  - Understanding the women's market
  - Leadership
- **Peer learning through workshops and exchanges**
- **Have a shared mission; are self-determined organizations bound by mutual accountability**
- **Node, not a hub**

How does WWB support its network members in gender-sensitive product design?

# Market Research

- **WWB is unique in its investment in market research**
  - **Knowing the customer allows us to create products that best fit client needs**
  - **Responsible growth by MFIs will be through offering financial products beyond credit**

Gender research highlighted women's **gendered roles in the household**, including being the savers and caregivers

- This led us to research and develop **women's savings products**

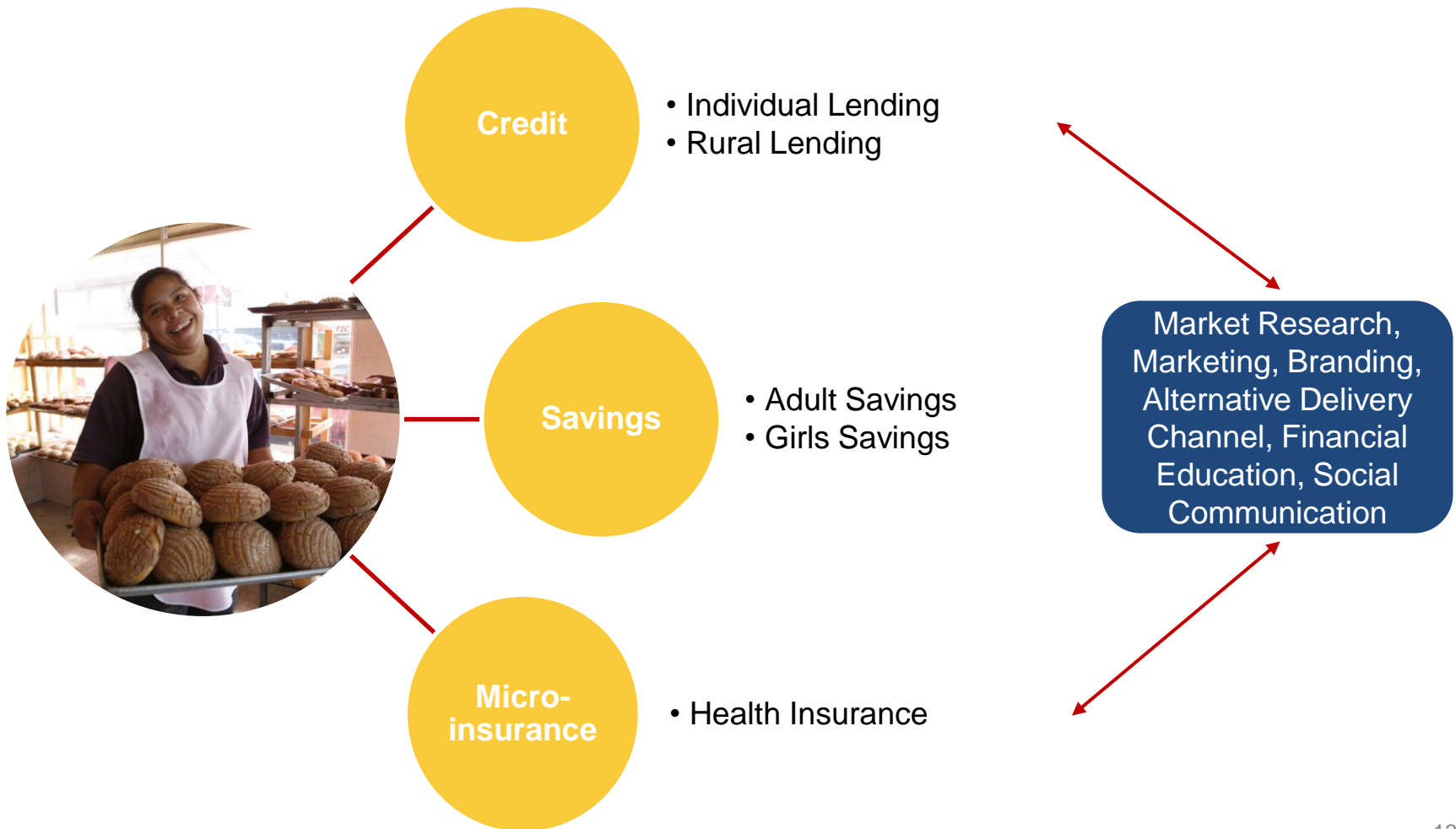
When we studied savings, we learned that **health is a major area of women's savings** and also coincides with their role as caregivers

- This led us to research and develop **micro-insurance products for women**

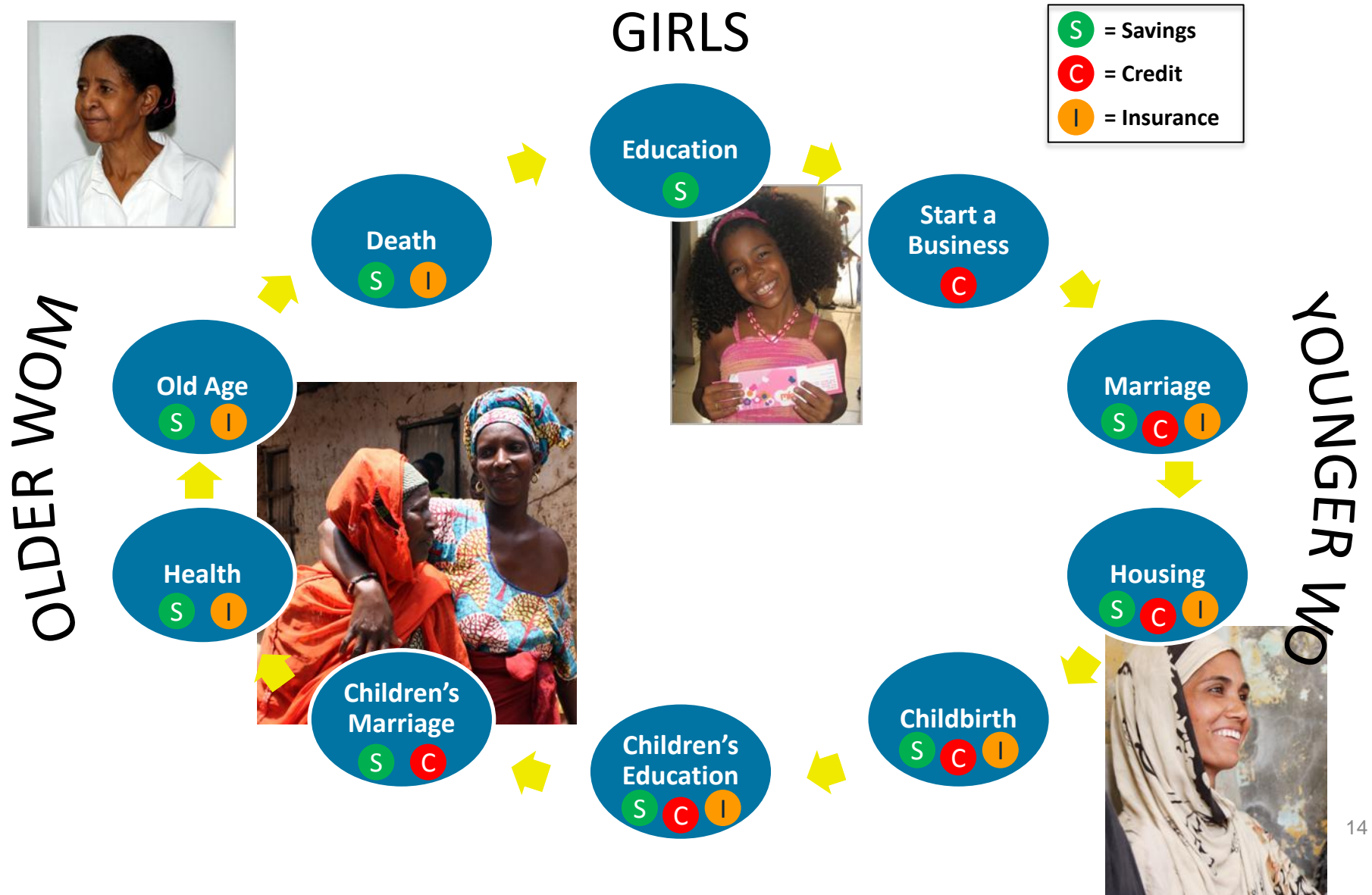
Gender research also made us aware that women in certain contexts face **mobility constraints** and can't easily access bank branches

- This led us to research and develop **alternative delivery channels for women**

# Product Innovation



# Catering for Lifecycle Needs



# Individual Lending: Finding the Solution for Women

- **Individual lending is not reaching enough women particularly in socially conservative societies**
- **Group lending has inherent limitations in supporting business growth**
- **To reach women, individual lending must address key constraints that women, particularly rural women, may face, including:**
  - Lack of access to productive resources such as land, seeds, fertilizers, farm machinery
  - Attitudes of fellow family members that undervalue women's work, allowing loans for men to receive priority
  - Lack of collateral including co-guarantors
  - Smaller businesses located inside households, often invisible to MFIs
  - Multiple responsibilities (in and out of home) that limit business growth
  - Others benefitting from proceeds of sale of goods
- **WWB working to gender sensitize individual lending in both urban and rural contexts**



# WWB's Rural Finance Methodology

## Without A Gender Lens

- Serve areas with strong agricultural potential first
  - Crop diversification, multiple seasons, irrigation
- Finance low risk farmers first
  - First monthly income, later seasonal income
- Reduce transactional costs
  - Introduce mobile banking, use credit agents
  - Build working corridors
- Diversify portfolio
- Build strategic partnerships with
  - Agro industries to mitigate market risks
  - Technical services agencies to mitigate farmer's risks
  - Insurance companies to mitigate weather risks

## With A Gender Lens

- Understand position of women in rural economy
  - Understand gendered roles and responsibilities in rural households
  - Understand if particular sub-sectors have higher concentration of women
- Understand institutional barriers to reaching women in rural areas
  - Credit policies and procedures
  - Marketing strategies
  - Management and staff attitudes and perceptions
- Identify solutions
  - Modified or new products and marketing strategies
  - Modify staff incentives/ training to ensure alignment
- Measure results
  - Track performance

# Savings: The Game-Changer

- **The poor can and do save through informal mechanisms; they need a safe place to save**
- **What women clients want:**
  - Commitment savings accounts for lifecycle needs: school fees, daughter's wedding, housing (mimics benefits of ROSCAs)
  - Savings plans co-developed with MFIs
  - Marketing materials that is useful and understandable even if client is illiterate
  - Financial education: classroom, embedded in marketing, social soap and national communications campaign
  - Confidentiality: plastic cards with ID numbers instead of passbook accounts with balances clearly shown
  - Convenience: door-to-door collection, correspondent banking
- **Savings has benefits beyond financial security**
  - National ID cards in Pakistan

# A New Segment: Young Women and Girls



- **Youth savings at MFIs in the Dominican Republic, Mongolia, and Ethiopia**

- WWB is working with three network member MFIs to design, market and deliver savings products and financial education to girls and young women ages 7 to 24 – a new and promising segment
- Results:

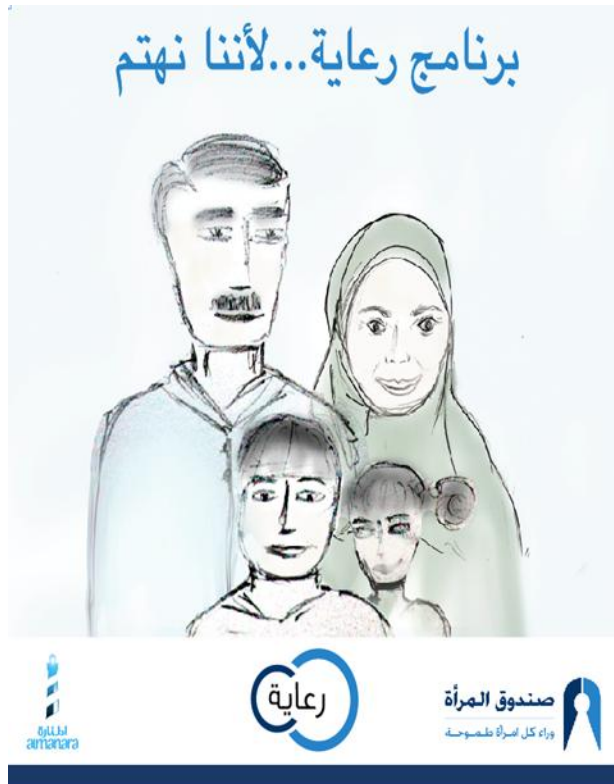


As of February 2012

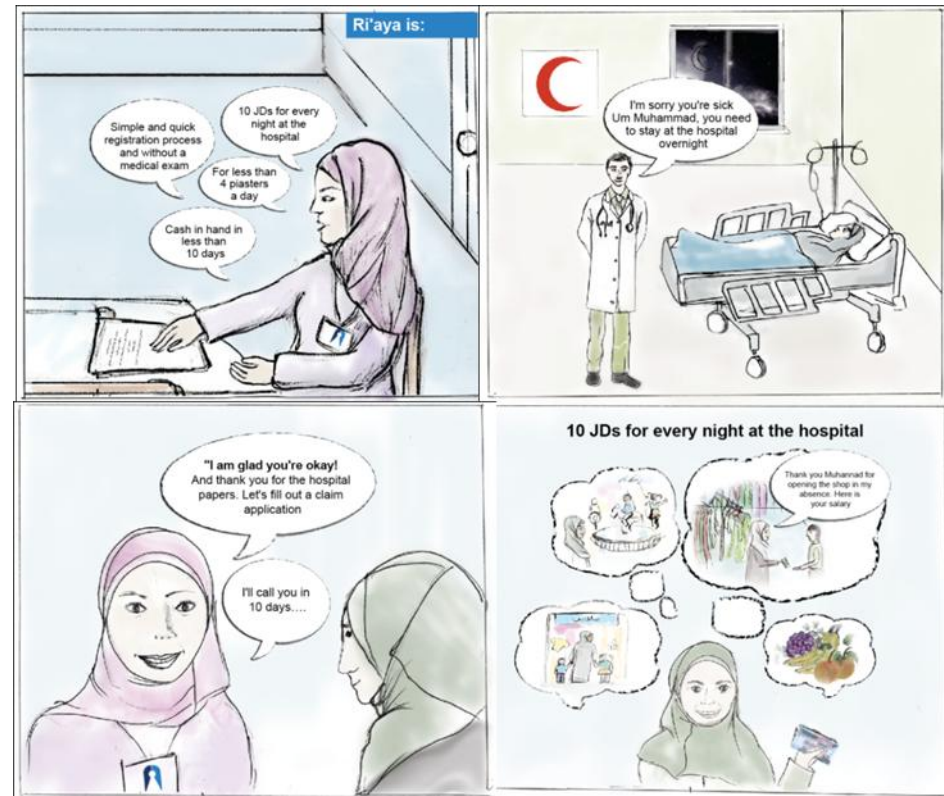
	Mongolia	Dominican Republic	Ethiopia
<b>Program launch date</b>	March 2009	Jan 2010	Dec 2011
<b>Status</b>	Nationwide roll-out in Sept 2009	Nationwide roll-out in December 2011	Nationwide roll-out planned for late 2012
<b># Accounts opened to date</b>	7,050	10,076	270
<b>Average % of accounts transacting per month</b>	17%	35%	58%
<b>Average balance</b>	66,690 MNT (USD \$50.15)	512 DOP (USD \$13)	185 birr (USD \$10.50)
<b>Financial education participants</b>	>20,000	5,224	298

# Health Microinsurance: The Caregiver Product

Launched in April 2010, the Ri'aya Caregiver Health Insurance Program is a first-of-its-kind insurance initiative that recognizes women's roles as the caregivers of their families. The program is designed to help women and their families better cope with the incidental expenses associated with a woman's hospitalization, such as lost wages and extra costs for childcare.



Product Brochure



Product Education Materials



# Social Communications for Financial Behavioral Change: Dominican Republic



A partir del 24 de octubre, Los lunes a las 11:30 am, con reprise sábados a las 6:00 pm.

## • Financial Education

- DVD packs of financial / saving storylines complemented by financial education discussion guides to use in workshops and discussion groups
- Training of Trainers with ADOPEM NGO and other interested local NGOs on 7 session savings curriculum

## • Monitoring & Evaluation

- Both quantitative and qualitative indicators tracked impact of project on ADOPEM's target population – new savings accounts opened, frequency of use and movement in account balances
- Changes in women's sense of agency and empowerment

## • Soap Opera: 'Contracorriente'

- Stories covering various themes: financial pressures, good and not so good savings, investment and spending decisions & mechanisms
- Recently launched on national TV in the Dominican Republic
- Ads from supporting organizations will air after each episode

## • National Media Campaign

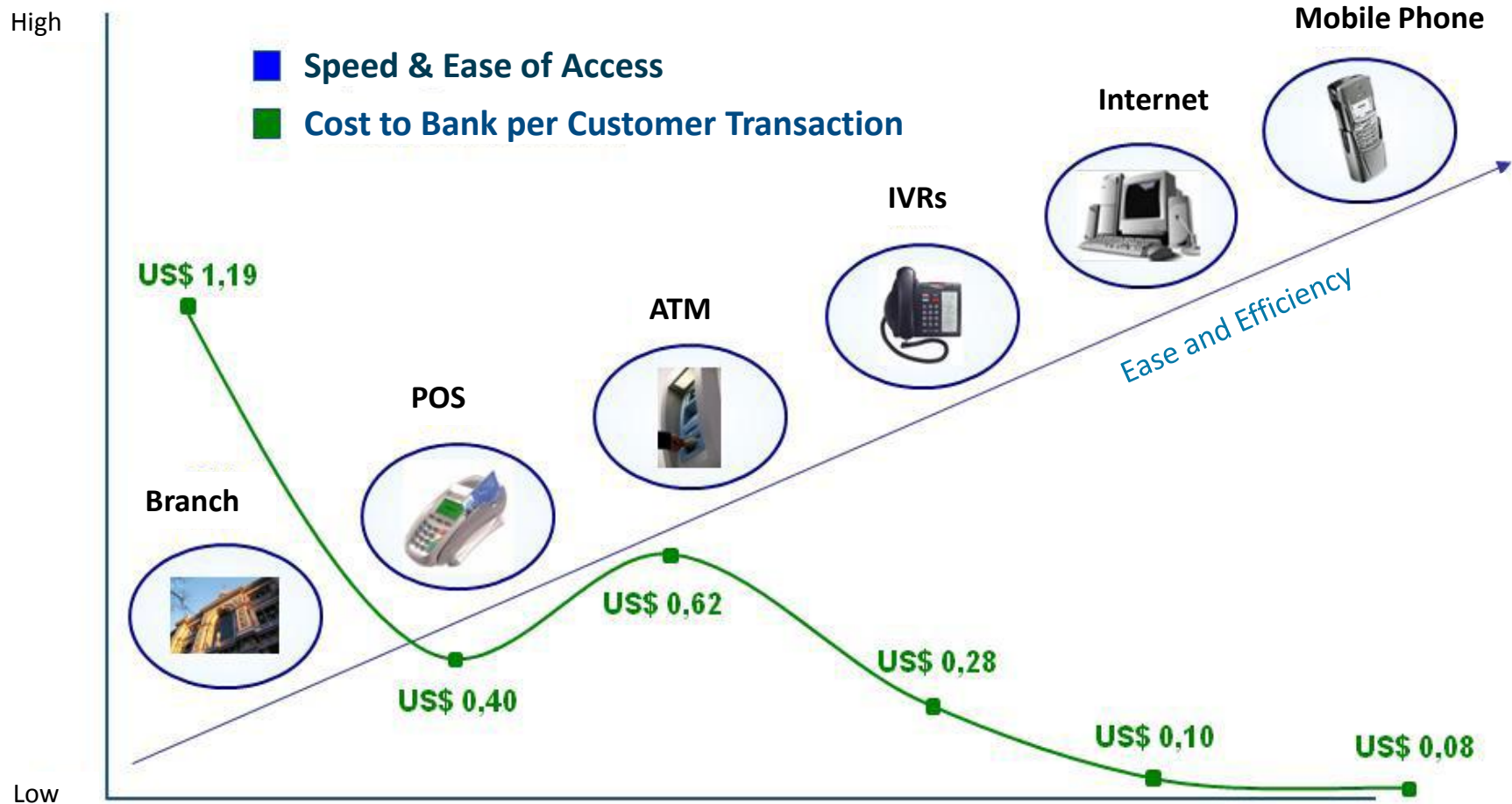
- Savings messages reinforced in national campaign with Banco ADOPEM
- Billboards and radio jingles
- Cast Tour throughout the country for dialogues, public activities, and material distribution

# Leveraging Technology To Massify Outreach to Women

- **Potential for mobile banking to be transformational**
  - Can open up new, lower-income and more remote markets
  - Allows clients to use accounts in new ways
  - Credit: Improves lending using credit scoring based on transaction history captured by technology
- **High potential for impact on women**
  - 4.3 billion subscribers worldwide; 300 million fewer women than men
  - The convenience and lower cost of secure, confidential and appropriate products is a priority for women
    - Limited mobility, literacy, and capacity to control assets
  - Beyond financial services, mobiles phones and handheld devices can be used to provide educational and networking opportunities, market information and more



# ADCs: Considerable Cost Advantages to Financial Service Providers and to Clients



Source: Asobancaria, Colombia

Development of Channels

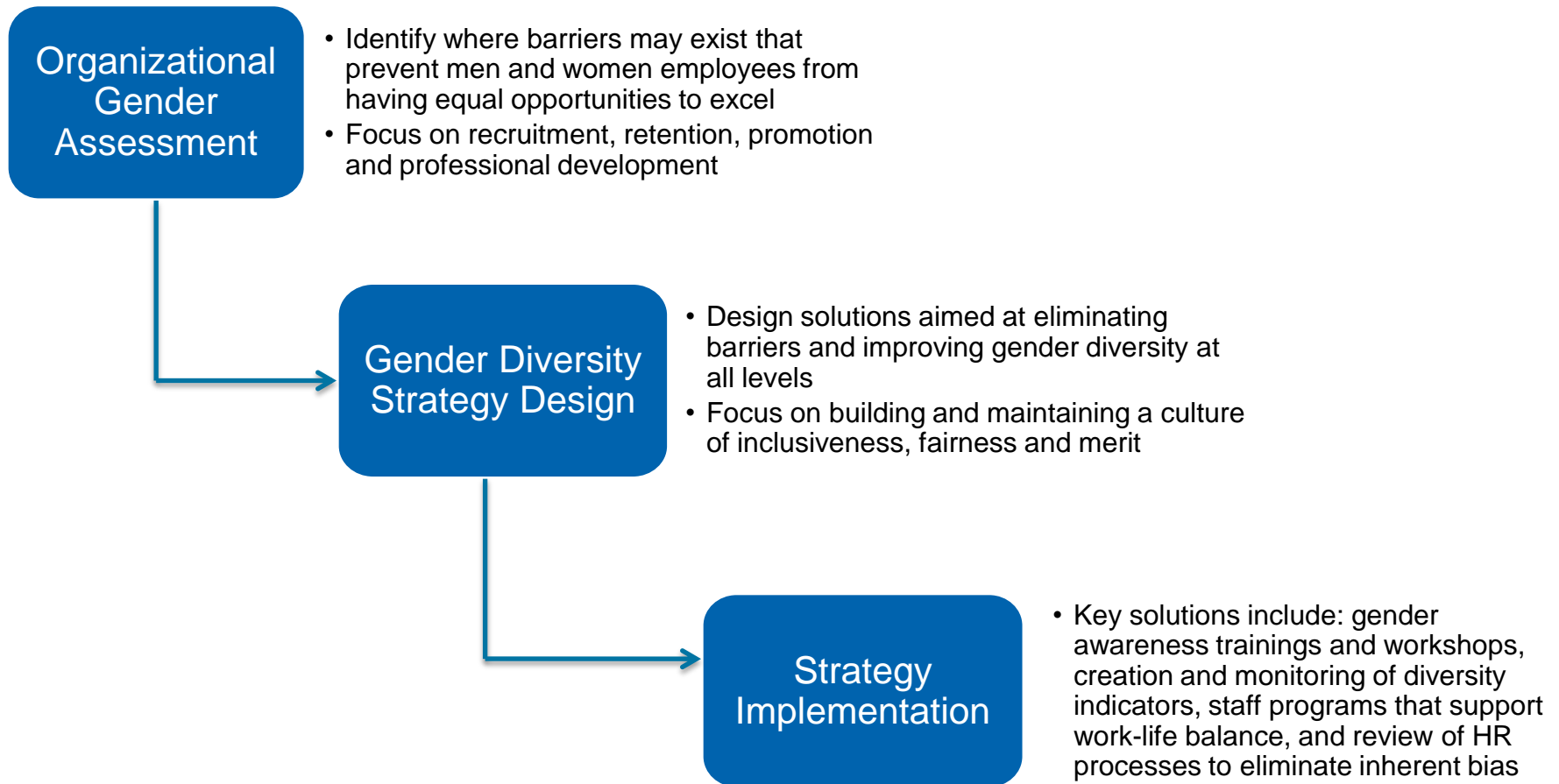


# Center for Microfinance Leadership: Building Sector Leadership

- **Innovation to achieve the double bottom line requires strong leadership and management**
  - For any innovation to be successful, an institution must have visionary leadership to embrace the innovation, and skilled management capable of steering the organization through the challenges of change and implementation
- **The WWB Center for Microfinance Leadership created in partnership with the MasterCard Foundation and the Wharton School of Business to support visionary, effective leaders throughout the microfinance sector**
  - Supports the development of a diverse set of principled, visionary leaders and high performing, meritocratic organizations for the microfinance industry
  - Founded in response to critical changes in the industry that threaten the quality of leadership
  - 242 microfinance leaders from 94 microfinance institutions in 49 countries have participated in the Center's programs
- **The Center also supports and celebrates strong institutions that understand that gender diversity is a component of innovative success**
  - The Center's vision is to shift the perspective towards gender diversity from an elective initiative to a fundamental component of innovative institutions

# WWB's Gender Diversity Initiative: Three-Step Process

WWB works with MFIs to build gender diverse workforces



How does WWB promote women's empowerment within its network and beyond with non-financial services and can WWB address the needs of very poor and vulnerable women?

# Reaching Women with Non Financial Services


- **Financial education is key to helping women gain control over their assets**
  - WWB embeds financial education into the marketing mix
    - Education component related to savings, credit and managing a bank account (SEWA, India)
    - Education component related to savings (Kashf Foundation, Pakistan)
  - And pilots new approaches borrowing from other sectors such as health
    - Education component embedded in telenovela and national campaign (Banco ADOPEM)
- **WWB sees great value in partnering with other centers of excellence in building the value addition of microfinance sector**
  - Population Council
  - Puntos De Encuentro
  - International Center for Research on Women
  - Reach Global

# Reaching Women with Non Financial Services

- **Many network members have closely affiliated NGOs that provide MFI clients with non-financial services**
  - Self Employed Women's Association (SEWA)
    - Health care
    - Child care
    - Legal services
  - Parinaam Foundation (affiliate of Ujjivan Financial Services)
    - Health Care Management Program
    - Educational support, vocational training & livelihood development
    - Community initiatives
    - Urban Ultra Poor Program
  - ADOPEM NGO (affiliate of Banco ADOPEM)
    - Vocational and financial education training programs

# Research to Advance the Gender Agenda

In addition to in-depth customer research into women's needs from financial services providers, WWB analyzes what needs to be done to ensure the industry is meeting its social mission

**WWB FOCUS NOTE** 

## Stemming the Tide of Mission Drift: Microfinance Transformations and the Double Bottom Line

**Introduction**



Historically, the demand for microfinance services has been attributed to the inability and unwillingness of the formal financial sector to serve the needs of low-income clients. In recent years, however, the microfinance industry has evolved to include microfinance institutions (MFIs) operating under a wide range of legal structures, including a growing number of RFIs (regulated financial institutions) in addition to traditional NGOs. This paper will provide an overview of the process by which MFIs convert from NGOs into RFIs, also called transformation or formalization, and will examine the impact of the transformation process upon a control group of approximately 25 MFIs that Women's World Banking has been tracking since 2002.

The study originates from WWB's concern that the influx of private capital into the microfinance industry may be causing "mission drift," whereby the poverty-alleviation focus of transformed MFIs is diluted in the face of increased pressure to generate profits. Our analysis focuses on both the financial and non-financial trends—including client and portfolio growth, average loan sizes, profitability, savings mobilization and shareholding structure—that emerged when a select set of transformed MFIs were compared against a similar set of non-transformed, NGO MFIs. The conclusions of these database findings reaffirm the prevailing notion that microfinance transformations tend to catalyze growth in MFI outreach and product offerings.

Many MFIs have attracted capital from international investors who seek "double bottom line"—social as well as financial—returns. Consistent with WWB's focus on the financial needs of low-income women entrepreneurs and their families, this paper will highlight trends affecting outreach to women clients in transformed institutions—in particular, the significant decline in the percentage of women clients served by formalized MFIs after transformation. WWB hopes that this publication will provoke discussion in the microfinance industry about ways to avert this trend so that future MFI transformations will enhance, rather than curtail, outreach to women clients. The final section of the paper will present interviews

**AUTHOR**  
Christina Frank  
Capital Markets Group  
Women's World Banking


**CONTRIBUTORS**  
Elizabeth Lynch  
Louise Schwedler-Voretsa  
Women's World Banking



## What if it had been Lehman Brothers & Sisters?

The importance of building gender diverse microfinance institutions

BY  
**ELIZABETH LYNCH**  
WOMEN'S WORLD BANKING

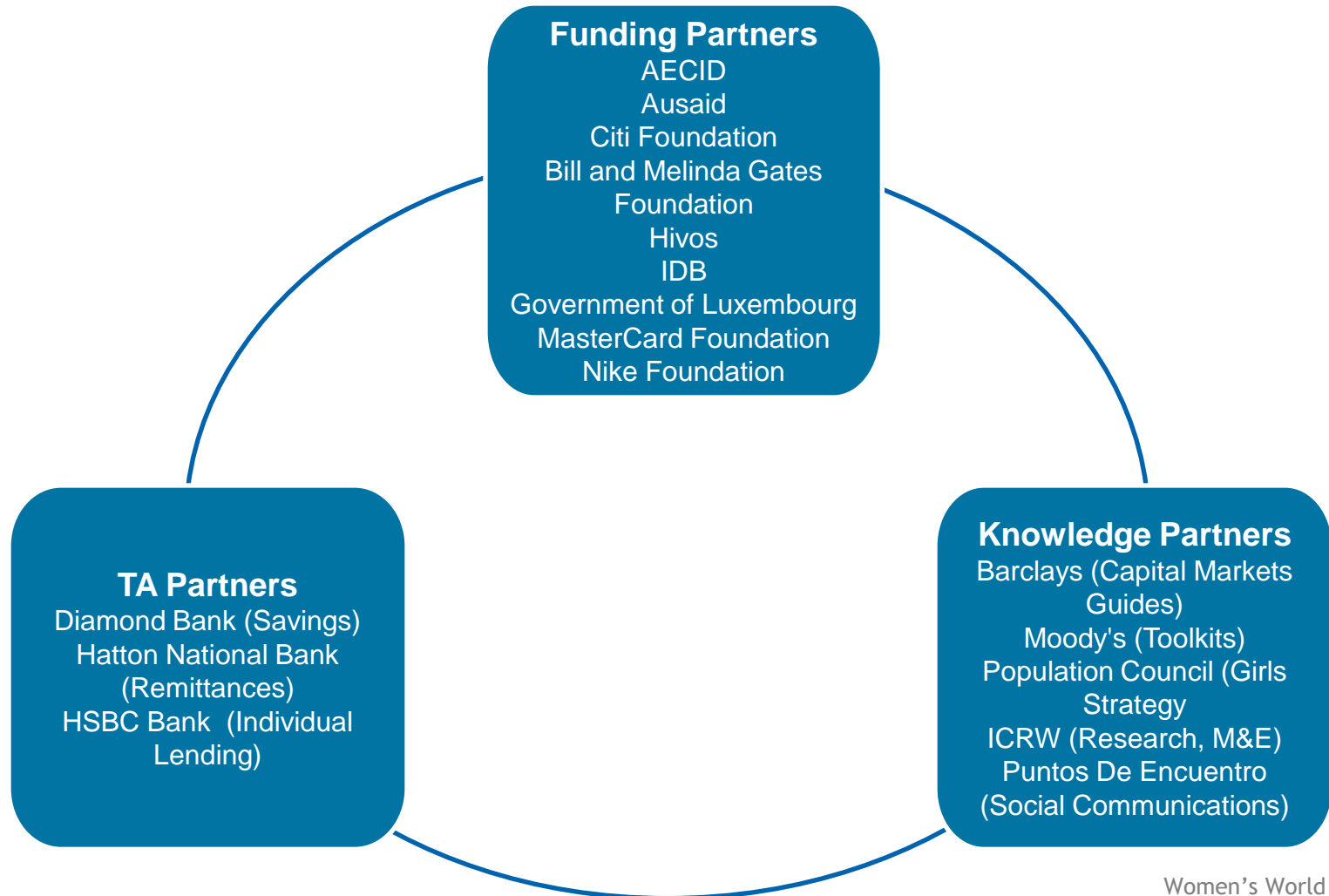


Examples of WWB's collaboration with donors, investors, MF networks and governments in promoting women's empowerment



# Growth Through Partnerships

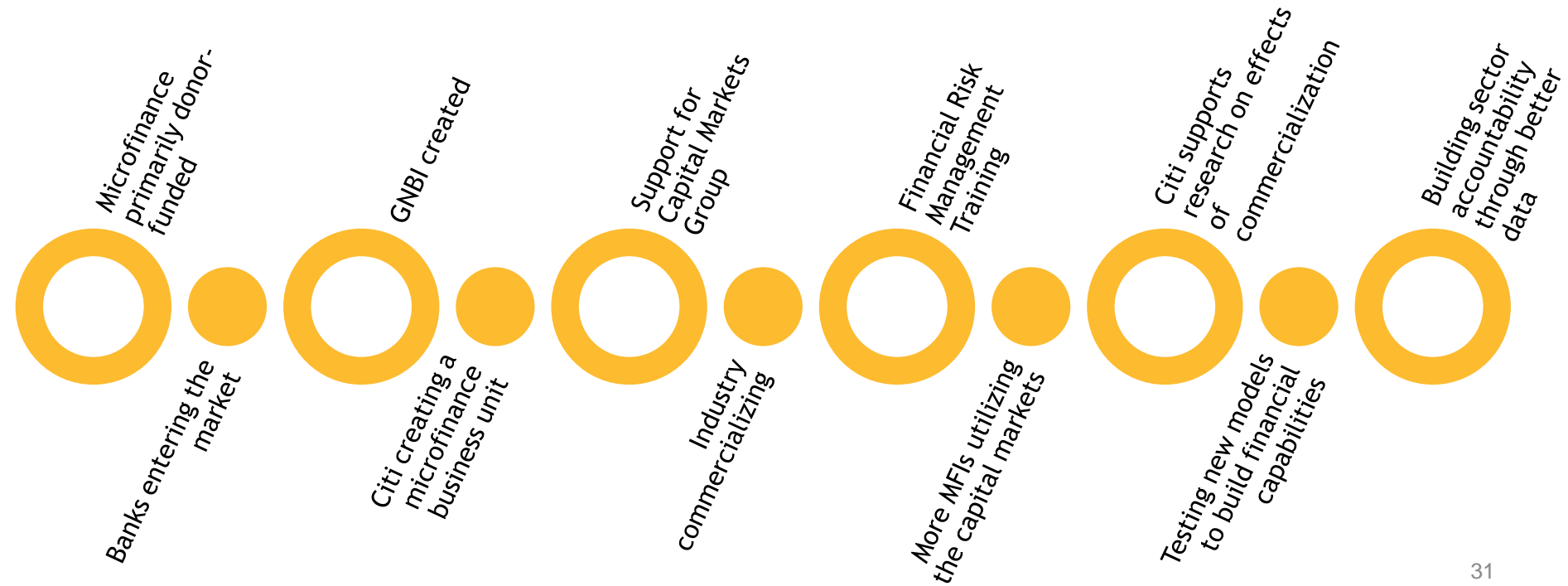
WWB partnerships can take several forms including funding partnerships, TA partnerships or knowledge partnerships. Below is an illustrative list of partners in each category



# Growth Through Partnerships

- **Citi and WWB**

- Mutually concerned with ways in which banks could enter the microfinance sector in a responsible way
- Shared concerns about potential negative effects of commercialization





Thank you

[www.womensworldbanking.org](http://www.womensworldbanking.org)