



Women Entrepreneurs and Effective Banking in Emerging Markets

BLC Bank Lebanon Proves A Strategy for Financial Inclusion

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With support from



**10,000
WOMEN**

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Support for this case study was provided by Goldman Sachs *10,000 Women*. Since 2008, the Goldman Sachs *10,000 Women* initiative has helped foster economic growth by providing women entrepreneurs with business education and access to capital. The initiative expanded to reach 100,000 women through a first of its kind global finance facility launched in partnership with International Finance Corporation to increase access to capital for women entrepreneurs to grow their businesses – Women Entrepreneurs Opportunity Facility. To date, this Facility has committed more than \$1.2 billion to banks in 31 emerging markets to help them increase their lending to women-owned businesses, by providing lines of credit, sharing risk, and advising them on how to expand into this new market. BLC Bank Lebanon is one of the banks that has received support through the Facility. By documenting BLC Bank's experience lending to women-owned businesses, their successes and lessons learned, and explaining how their goals were achieved, this case study hopes to inform the on-going effort to help the financial sector better serve the world's women entrepreneurs. The research for this case was fully funded by Goldman Sachs *10,000 Women*.

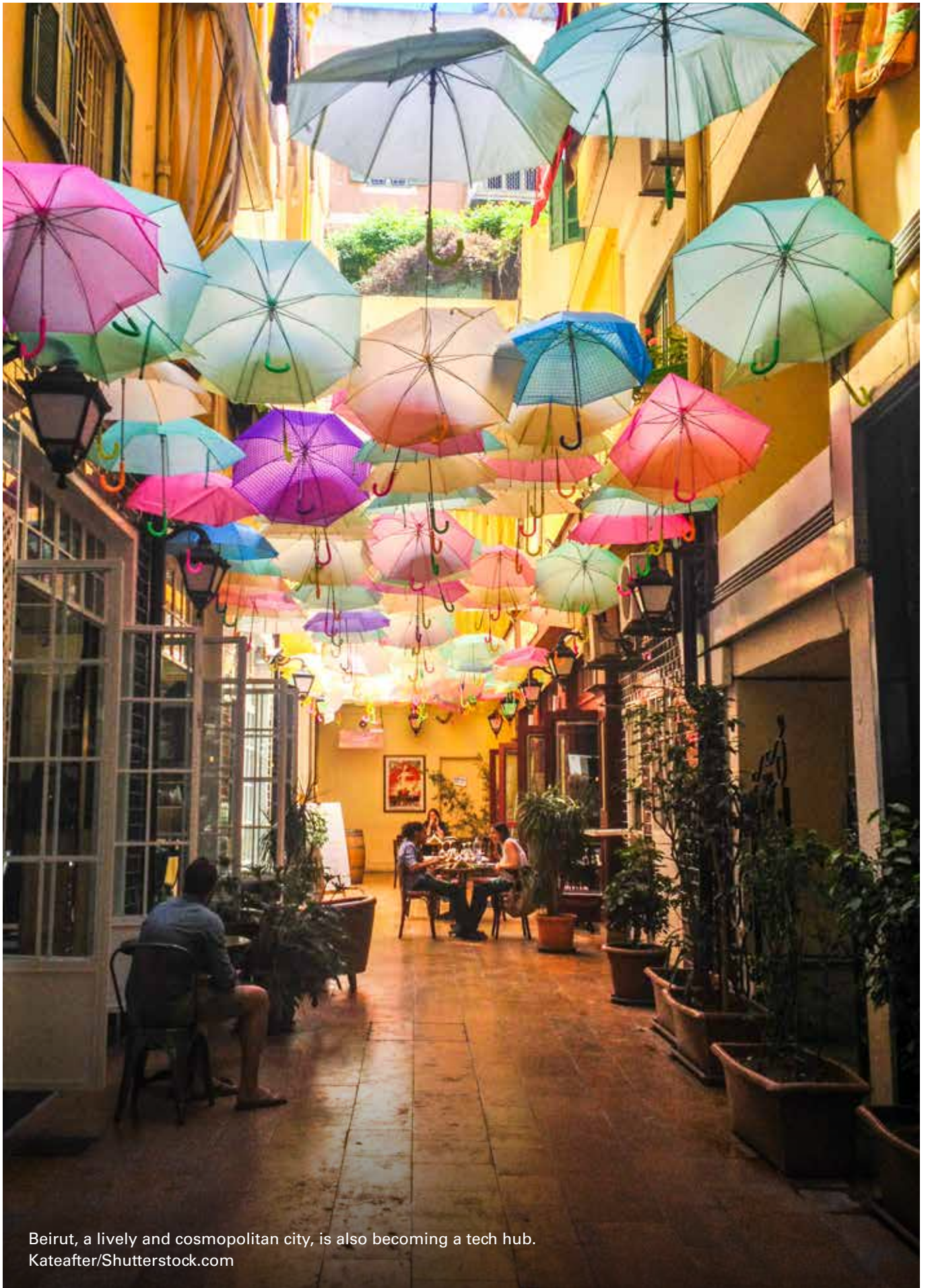


The authors wish to thank BLC Bank for its cooperation in producing this case study. We particularly wish to thank the BLC Bank Team.

BLC Bank is one of Lebanon's oldest banks, offering banking, insurance, and asset management services, operating through 51 branches in Lebanon.

Executive Summary

- Increasing women's economic engagement is known to contribute dramatically to national growth. Improved financial inclusion for females is particularly beneficial, as their greater access to credit, savings, and services encourages both economic growth and stability.
- In the Middle East, women's participation in labour, entrepreneurship, and banking is lower than in any other region. Both customary and legal barriers contribute to women's economic exclusion.
- Banks can reap business benefits by reaching out to female customers, but there is often hesitation due to myths about women in financial matters.
- BLC Bank Lebanon introduced a programme, the W^e Initiative, in 2012. The programme bravely confronted many of the issues that keep women, especially those who own businesses, from banking.
- The W^e Initiative included innovations that reached all across the bank, from new products, to service delivery, to performance assessments for personnel.
- Public outreach efforts openly spoke to women, addressing their concerns in a sympathetic voice. In addition, the bank found that the new products and services introduced were also attractive to men.
- The results from the W^e Initiative were impressive. The outstanding loan portfolio for female SME customers grew 51% during the five years after launch, while their deposits grew 78%.
- The women's portfolio disproved myths about female customers. An advance exercise to disaggregate the customer database showed women were stronger customers even at the outset of the programme. After the W^e Initiative, the female customer base showed a stronger return on assets, as well as better loan repayment rates, than the men.
- Women were more difficult to win over as customers, but once converted were more likely to adopt a range of products than men, thus offering greater chances for business growth. They also were more likely to refer friends to the bank.
- After five years of BLC Bank's aggressive effort to win women as clients, customer surveys showed that both males and females were positively impressed with the position and strategy the bank had taken. The internal rate of return for the We Initiative was 30% by the end of 2017.



Beirut, a lively and cosmopolitan city, is also becoming a tech hub.
Kateafter/Shutterstock.com

Women Entrepreneurs and Effective Banking in Emerging Markets BLC Bank Lebanon Provides a Strategy for Financial Inclusion

A path-breaking insight has emerged from the international economic development community: fully including women in national economies leads to growth, competitiveness, stability, and long-term strength. Major world economic institutions have issued reports showing that better female labour force participation, more support for women's entrepreneurship, and closing the gender gap in financial inclusion would produce substantial growth in all nations, with the greatest gains likely for the Middle East and North Africa region, where women's economic participation is currently the world's lowest.¹

Those who must lead the way to women's inclusion, such as finance ministers and business leaders, are often unaware of the benefits that come from including women and of the barriers to women's economic engagement. That is particularly true in the financial sector, where a lack of sex-disaggregated data has kept bankers from seeing the potential or the problem.² Given the absence of information on women as bank customers, the benefits of greater inclusion to individual banks has been hard to document or demonstrate in "real world" examples. Here we bring a success story from banking, BLC Bank's We initiative, in order to add to the body of practical evidence showing the business value.

There is an opportunity for banks to play a critical role in facilitating economic growth through better financial inclusion of women. Unfortunately, women are often under-served by the financial sector, especially as business owners. In some countries, women lack financial access because of longstanding laws and customs that, even if constraints have been formally removed, have left behind disadvantages and negative attitudes. Finding solutions to the unique issues that stand between women and the effective provision of financial services thus requires an open attitude, an ability to innovate, and the willingness to invest in a market—women—that few banks have seriously considered.

The most difficult region in the world for women's economic inclusion is the Middle East. Legal barriers to economic inclusion that have been lifted in the rest of the world are still in place there. As a consequence, the region has the lowest female labour force participation in the world, as well as the lowest levels of female financial inclusion.

Lebanon, which has suffered war, a refugee crisis, political instability, and low growth during the past decade, seems perhaps an especially unlikely place to give rise to a successful banking inclusion programme for women. The difficulty of the circumstances makes BLC Bank's accomplishments in this crucial area all the more impressive.

Women’s Enterprise and National Prosperity

Economic research has now demonstrated that better inclusion of women in national economies is one of the most effective strategies for achieving growth, peace, and prosperity. Forecasts from leading institutions, both public and private, show that providing better economic opportunities for women will add substantially to national incomes and household livelihoods, with the largest advances occurring in the Middle East, where women’s economic engagement has been most restricted.³

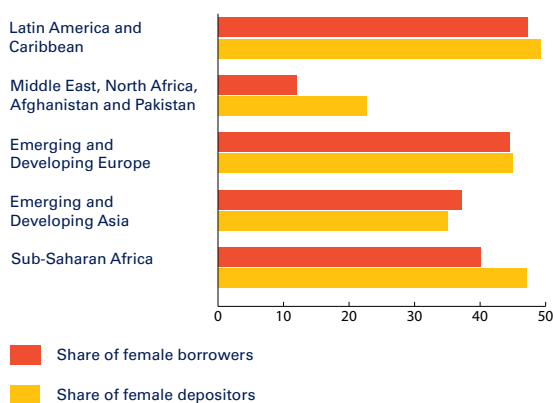
Impact of women on national economies		
	Estimated GDP Growth from Improved Inclusion of Women (%)	Economic Participation and Opportunity Score
India	27	0.410
Egypt	34	0.461
UAE	12	0.515
Japan	9	0.618
South Africa	10	0.647
Brazil	9	0.649
China	5	0.656
France	4	0.704
UK	5	0.714
Germany	4	0.739
Sweden	2	0.799
Denmark	3	0.805
US	5	0.828

Source: The estimated boost to GDP is from Booz & Co., *Empowering the Third Billion*, 2014. The conservative scenario is reported here. The Economic Participation and Opportunity Score is from the WEF *Global Gender Gap Report* in the same year.

The primary path to growth is through increased female labour force participation, but access to banking is also a key mechanism through which growth can occur. A substantial body of research has demonstrated that women who earn by work or enterprise are more likely to spend money on nutrition and education for their families, building the human capital needed for growth. Bank accounts help women to

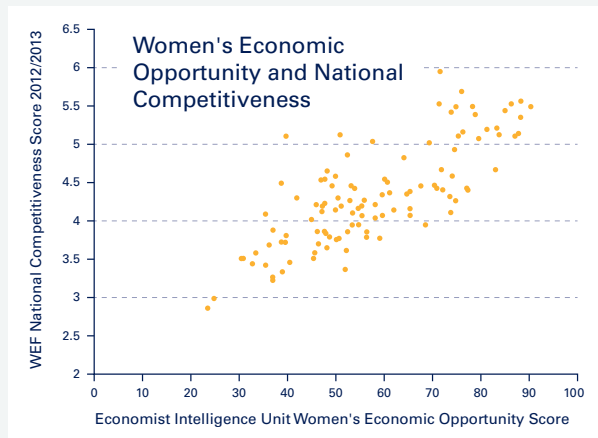
funnel their earnings into those positive purposes, assisting both households and nations in the process. Bank accounts also give women a means to reserve cash for emergencies, which in turn helps stabilize household and community economies. Yet, across the developing world, women are consistently more likely to be “unbanked” than men.⁴

Share of Female Bank Customers in Developing Countries by region, 2016



Source: IMF 2018. Calculations based on 2017 Financial Access Survey Pilot. Graph adapted from Sahay et al., *Women in Finance: A Case for Closing Gaps*, p. 10.

The most important impact on national economies would come through extension of credit to small- and medium-sized enterprises (SMEs) owned by women. In developing countries, large corporations are much less dominant than in the developed national economies and formal employment is less frequently available. Consequently, the role the SMEs play in generating jobs and growth is even more important in a developing context. Expanding the enterprise base by encouraging women to start and build businesses is, therefore, an increasing priority for countries in all regions.



Globally, women own about a third of small businesses, but their growth is constrained by unequal access to capital, especially credit. A 2017 study conducted by the World Bank estimates a \$1.7 trillion credit gap among women-owned micro-, small-, and medium-sized enterprises (MSMEs) in developing countries.⁵ Closing this gap would add to GDP as well as to household livelihoods.⁶

Of particular concern for national economies is the potential inefficiencies that comes from educating women to a high level and then failing to reap the benefit of that investment by excluding them from full economic participation. Across many regions of the world, including the MENA region, women have been enrolling in tertiary education in higher numbers than men. Leaving them out of the labour force or excluding them from positions of leadership, such as business ownership, reduces national competitiveness by wasting resources.

Indeed, in general, providing better economic opportunities for women is correlated with national competitiveness.⁷ In addition to expanding the sheer numbers in enterprise or employment, other distinctive gains accrue from supporting women specifically. For instance, in countries where women participate in the

labour force at low levels, female business owners may be more likely to hire other women as employees—thus providing not only employment chances to those who might otherwise not have them, but also providing business experience that can help some employees to become entrepreneurs themselves.⁸ Greater inclusion of women in the labour force also has been shown to reduce income inequality.⁹ Increasing women's access to finance and financial services, whether as SME or retail customers, contributes to greater financial integrity and stability at the national level.¹⁰ Finally, whether they earn through enterprise or employment, women tend to spend and save money differently than men. Females are more likely to focus on expenditures that build human capital by educating and nourishing children.¹¹ These spending habits not only cultivate a high quality future workforce, but also contribute to the growth and strength of a middle class – an important element of stability for both markets and democracies.¹²

In sum, better economic inclusion for women, as both employees and entrepreneurs, has important positive effects on families and communities. However, there are also measurable positive effects at the macro-level for nations and regions.

A Leader in Lebanon

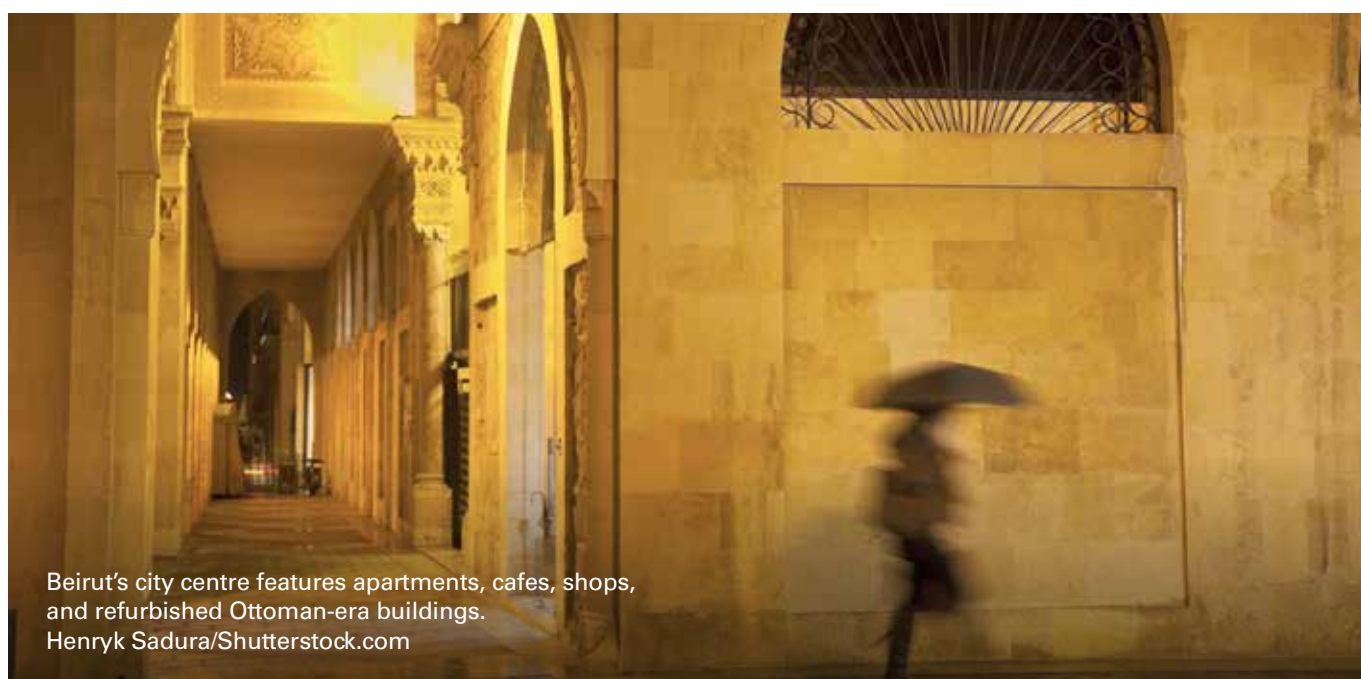
BLC Bank's decision to create a holistic programme for women's financial inclusion—one of the few in the world—was firmly grounded in the overall strategic vision of the bank and rooted in an astute assessment of market segmentation in the country.

The economy of Lebanon is heavily concentrated in services. Banking is both one of the largest industry sectors and one of the top sources of growth. The financial sector is crowded, however, with many banks chasing a small group of big customers in a stagnant economy. BLC Bank, one of the oldest banks in Lebanon, had a market share of 2.7%. They were ready for a new approach that would provide distinction and fresh growth.

To that end, BLC Bank's leadership decided to focus on small-to-medium enterprises (SMEs). SMEs are a big market in Lebanon, representing 97% of all businesses and providing half of all formal employment. BLC Bank's own strengths included a branch network of 42 sites that could service local businesses wherever they were. The selection of women as a target segment was one of the choices made within this overall SME strategy.

When analysing the SME market looking for segments likely to respond to targeting, the BLC Bank team saw that women, who own 33% of the country's SMEs, had only 3% of bank loans nationally. Thus, purely from a marketing perspective, the woman-owned SME segment clearly represented a gap that needed filling. Given the low market penetration, however, current banking practices did not seem to be filling the target's needs. Thus, different messaging and possibly new products or service alignments would be needed if this target audience were to be brought into the bank and sustained as clients in the long term.

BLC Bank approached the targeting proposition as a business decision rather than yielding to stereotypes. The bank did what good businesses everywhere do when presented with the possibility of a new target segment—they researched the population to find out what would be needed and where the growth opportunities might be, then prepared their offering and messaging based on facts about the market and promises they could deliver.



Beirut's city centre features apartments, cafes, shops, and refurbished Ottoman-era buildings.
Henryk Sadura/Shutterstock.com

Getting Internal Support: The Importance of Sex-Disaggregated Data

The case for a women's initiative at BLC Bank Lebanon was not easily accepted at first. Some saw no reason for a special effort to include women. Others worried a campaign to recruit females could jeopardise the male customer base. Many believed that women-owned businesses would be too high risk or that women would require support rendering them unprofitable as clients.

Sceptics were won over early by taking an important first step: separating the data on the bank's existing customer base by gender. Though the process was tedious, the result was worthwhile. Through this analysis, BLC Bank learned that common beliefs about women as customers were unfounded. Return on assets for women-owned businesses was higher and their loan repayment rates were better than for men. Thus, the notion that women customers are less profitable or less credit-worthy was dispelled simply by looking at the evidence already in hand.

Having the sex disaggregated data allowed the W^e Initiative to track its progress with both female and male customers. Regular surveys showed that both men and women maintained a positive attitude toward the bank, even as the bank reached out to recruit female customers. Over time, sex-disaggregated information will also help management identify profitable sub-segments and tweak offerings accordingly.

Globally, there is a rising urgency to persuade banks and regulators to disaggregate their data. The multilateral development banks all have strategies to include women. However, major collectors of banking information, such as central banks and the IMF, have not disaggregated data by gender, nor have most banks, until very recently. According to a 2016 study by Data 2X, the Global Banking Alliance for Women, and the Inter-American Development Bank, the total absence of reliable supply-side data has been a

significant obstacle to understanding whether banks are fairly serving women. In 2018, the IMF published the first available such information in a pilot study, wherein about half of developing country banks provided gender-disaggregated data. These data show a consistent pattern in which women customers are underserved, especially in the extension of credit services.¹³

Banks' unwillingness to disaggregate data has made it impossible to determine whether the unequal treatment of women is justified. Without data separated by sex, the banks may have been making or withholding loans to women based only on stereotype, and it will be difficult to monitor progress toward greater financial inclusion or prove or document its benefits.

The difficulties of disaggregation are exacerbated by the fact that information systems often do not tag records by gender. In the developed nations, 1970s legislation forbade banks to record gender in customer files. These laws overlook the reality that many transactions, including business loans, are done in person and are not, therefore, gender-blind. Eliminating the gender marker in customer records may in some cases merely have provided a smokescreen for discriminatory treatment. Such legislation is overdue for review.

In the end, however, sex disaggregation is a matter of competing priorities. As one banking respondent remarked in the Data 2X study, "There is a gap between the official discourse and the day-to-day priority. . . . No one questions the value in having the data, but the real issue is if this is more important [than] the priority that you are competing with."¹⁴

Product and Service Offerings Designed for Women's Needs

Market research showed BLC Bank Lebanon that women were attractive customers because of their savings patterns and their risk profile. There were indications that, once female customers were won over, they would be more loyal as customers and would also be more likely to refer others to the bank. BLC Bank also learned, however, that Lebanese women had very negative attitudes toward banks, their experience was that banks did not take them seriously .

As the project unfolded, BLC Bank could see that there was potential to grow through better serving women across all the bank's products and service, so the W^e Initiative expanded to include female executives and women at home as retail customers.

BLC Bank's market research made it clear that the trust of this audience would have to be earned—and that building this trust might take a longer time than it did with men. Further, new offerings, designed specifically to fill the needs of female customers, would be needed, both to meet their unique needs and to communicate BLC Bank's authentic desire to serve them. BLC Bank, convinced that women were a good market to win and willing to innovate in order to succeed, began reviewing its offerings to identify necessary changes. Five innovations emerged.

- **An integrated banking interface.** The bank introduced new access points that included internet, mobile options, "smart" ATMs and an online women's network portal. The bank knew from market research to resist the appearance of "pink-washing" by just offering a superficially feminine point of entry. It also recognised, however, that the heavy burdens faced by women balancing career and family created significant demand for a way to interact with the bank that adapted to time and mobility constraints.
- **Unsecured lines of business credit.** In the developing world, it is not common practice to make loans without collateral—and title to land is nearly always the preferred pledge. In the Middle East, women have a very hard time getting credit for businesses because they typically do not own the assets that banks require, in part because of restrictions, current and past, on women owning and inheriting property. Offering an unsecured credit line therefore dealt directly with one of the most persistent blocks to women's financial inclusion.
- **Reduced business histories for loans.** Women tend to experience more change in their careers than men, particularly because of intermittent family obligations. Thus, requiring a long business history prior to lending tends to disadvantage female applicants. So, BLC Bank shortened the length of time in that a business had to operate before credit could be extended from five years to two.
- **Entrepreneurship support services.** Market research revealed that female entrepreneurs would welcome additional business training as well as networking opportunities that included men. By offering training sessions, coupled with mixed-gender networking events, including an annual awards gala called "The Brilliant Lebanese Awards", BLC Bank met this demand and in so doing positioned themselves as the "bank of choice" for women in the Lebanese market.

- **A savings account for mothers.** BLC was assisted by the IFC's International Advisory Services in developing financial products that would appeal especially to women. Marketing a savings account for women was a meaningful signal to the prospective target audience. Laws had not allowed women to open bank accounts on behalf of their children until 2009—when the Associated Banks in Lebanon offered a solution to this legal gap—only fathers could do that. The move was controversial and newsworthy at the time. Subsequently, however, banks opted not to market such accounts. BLC Bank was the first to create such a product for women and actively promote it. Thus, the offering of a mother-child savings account communicated that BLC Bank sincerely meant to win women as customers and was willing to step outside conventional practice to do it.

It is important to note that with the exceptions of the mothers' savings accounts and some women-only non-financial services (such as a women's online portal), all the new offerings were also made available to men. In the marketing campaign that followed, however, the intent to win women as customers was crystal clear.

Market Messaging

BLC Bank's programme focusing on women was named "the We Initiative," with the raised "e" standing not only for "empowerment," but also "entrepreneur" or "executive." The effort was marketed on television, producing substantial market awareness among both men and women.



A series of commercials showed women struggling with the same banking frustrations reported in market research and offered the new BLC Bank offerings as solutions to these specific customer needs. The tagline was "We Take You Seriously." Though the vignettes have a charming voice and light touch, these expressions of understanding and sympathy probably won credibility among potential female customers. Those customers who, as market research showed, had clearly been discouraged from approaching banks because they expected that they would not be taken seriously nor would their needs as individuals—and as women—be addressed.

Thus, in addition to communicating innovative product information, these vignettes also telegraphed that:

- BLC Bank had investigated what women needed and respected the demands as legitimate; and
- BLC Bank was sympathetic to women and willing to express that affinity in a public setting.

The commercials implicitly compared BLC Bank to other banks, positioning BLC Bank as more “women friendly” than the competition. In the bank’s own words, the message was intended to make BLC Bank the “bank of choice” for women. The new products and services operated as what the advertising industry calls “proof points” or “reasons to believe” the general proposition that BLC Bank was friendlier to women than other banks. Thus, having those innovative offerings available was essential both to the outreach effort and to paying off that promise when the potential customer visited the branch.

At the branch level, posters echoed the overall “women’s bank of choice” positioning. The products, however, were made available to both sexes using gender-neutral brochures and other collateral materials. Thus, at the point of purchase, the actual product offerings were neither “pink-washed” nor offered only to women. This decision avoided offending women sensitive to pink-washing, but also made it possible to sell the same offerings to men—which in turn contributed to the overall financial success of the W^e Initiative.

The effort also included strategic outreach events. For example, BLC Bank held a special event for Women in STEM during November 2016 for the purpose of encouraging females to engage with this important area of industry. A broader outreach, as well as public recognition, was achieved by launching the Brilliant Lebanese Awards in 2012. Today in its seventh year, this competition for Business of the Year and Woman Entrepreneur of the Year, was the first of its kind in Lebanon. The winners receive cash awards and are recognised at a gala ceremony. BLC Bank draws on expert judges to assess and advise the contestants and welcomes any entrepreneur in Lebanon to apply. “Brilliant Lebanese Awards” thus provides another opportunity to showcase BLC Bank’s commitment to encourage women to reach their full potential.

As the W^e effort matured, the bank took an even bolder step with its marketing. In 2015, the bank released a viral video series that dramatised and debunked typical gender stereotypes. Bank employees played the characters in each scene. Each video began with characters asserting claims like “women are bad drivers” or “housewives don’t work.” At the end of each, statistics appeared that debunked the myths, showing, for instance, the number of hours worked by women in the home and the economic value of that work, or the better traffic record of women versus men. Interestingly, bank staffers volunteered to be in the campaign, but some of them, especially the men, now found it difficult to express the stereotypic beliefs, even in “play-acting.” This campaign was also promoted with a hashtag #SheKirMhem, which plays on a common phrase, “shi ktir mhem,” which means “something very important.” By replacing “shi” with the English “She,” a play on words, the bank was saying “women are very important.”



The Mohammed Al-Amin Mosque, also known as the Blue Mosque, is a major architectural landmark of Beirut.
iStock.com/disqis

Women and Economic Participation in the Middle East

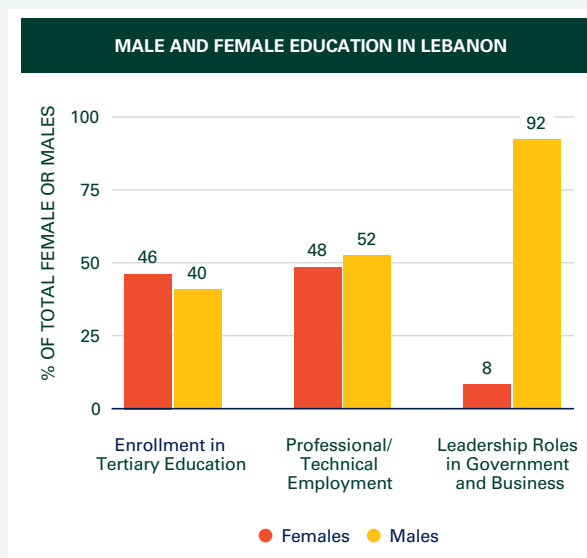
Lebanon has long been admired as an inclusive and cosmopolitan society. Nevertheless, Lebanon shares with other Middle Eastern and North African (MENA) countries a restrictive set of customary and legal constraints on the economic participation of women, as well as offering few protections against discrimination or violence, all of which, combined, hold back the potential for women to contribute to growth, stability, and income equality in the region.¹⁵

The World Economic Forum rated the Middle East and North African states at the bottom of the Global Gender Gap rankings in 2018, as has been the case since the report began in 2006. The most dramatic measure of women's economic exclusion in this region is their very low labour force participation, as compared to the rest of the world.

WOMEN'S OPPORTUNITY AND LABOUR PARTICIPATION 2018		
	Economic Opportunity Rank (Of 149)	Female Labour Force Participation (Ratio to Males)
Algeria	134	24
Bahrain	127	47
Egypt	132	31
Iran	140	22
Jordan	138	22
Kuwait	125	58
Lebanon	136	26
Morocco	139	34
Oman	126	36
Qatar	97	57
Saudi Arabia	142	26
Syria	144	18
Tunisia	131	36
UAE	120	46
Yemen	141	36
Global Total / Average	144	67

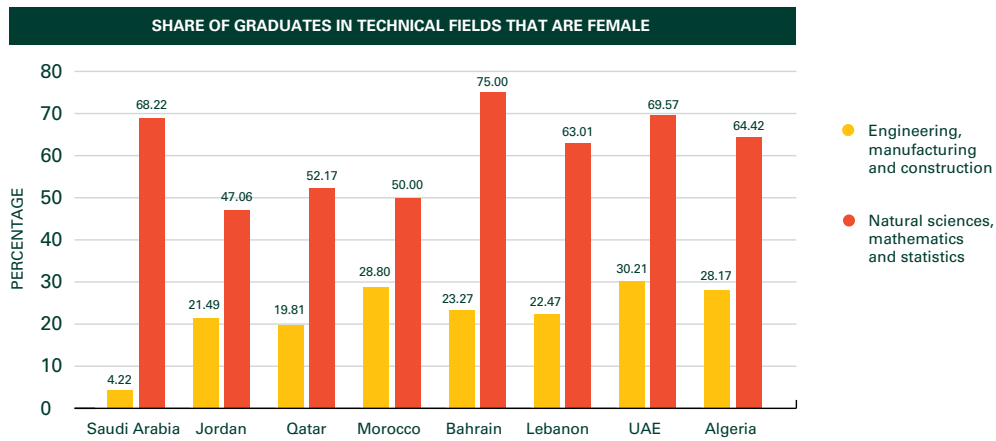
Source: World Economic Forum, Global Gender Gap Report, 2018

Importantly, females now represent the best talent pool in the MENA regions, not only for employment but for enterprise. Educational achievement for women has been climbing steeply for the past fifty years. Today, most countries in the MENA region educate females through the secondary levels at a rate comparable to males. At the tertiary level, women outnumber men, sometimes by dramatic multiples.



Source: World Economic Forum, Global Gender Gap Report, 2018

Though MENA women are significantly less well represented in engineering and manufacturing than men, they vastly outnumber men in the sciences as a whole. This holds true in Lebanon, where women account for 60% of science majors; however, Lebanese women are also a significant minority (30%) of engineering/manufacturing students.¹⁶



Source: World Economic Forum, *Global Gender Gap Report, 2018*

Lebanese employment data also clearly show that women hold the majority of professional/technical jobs, despite their smaller presence in employment more generally, yet they are seldom found in leadership ranks. To be holding back this high-potential population from employment or to be starving them of capital hinders national prosperity. Pulling educated women into enterprise as business leaders will be a crucial strategy for growth — and the financial sector will need to help.

Indeed, behind many of the differences in economic performance are (1) legal restrictions that constrain women as economic participants or (2) the absence of legal protections for them when they do engage. The states of the Middle East and North Africa have more restrictions and fewer protections for women in economic life than any other region. Furthermore, during the past fifty years, progress in reforming these legal barriers has been slower than in any other region except South Asia.¹⁷ Importantly, such restrictions have a direct dampening effect on female firm ownership, as well as a negative impact on the number of women in formal employment.¹⁸

The pattern of disadvantage is also present in the financial sector, however. The Global Findex survey found that the MENA region

has the lowest level of financial inclusion for both males and females – but the females have less than half the financial access men do¹⁹. Further, inheritance laws continue to advantage sons over daughters and husbands over wives²⁰. The inability to inherit property and investments is a key reason why women have more difficulty producing collateral to secure bank credit than do men.

Formal constraints, however, are only part of the picture. The World Values Survey measures the strength of beliefs about working women in a subset of countries in all regions.²¹ MENA countries consistently report conservative attitudes about women's economic participation: the belief that a mother working harms her children, the belief that a wife must not earn more than her husband, the belief that men make better business executives than women, and so forth. One of these measures, the belief that when jobs are scarce, men should have employment priority, has been shown to predict female labour participation across the globe.²² In distinct contrast to all these attitudes, however, is the belief that "having a job is the best way for a woman to be an independent person," which gets high levels of agreement across the MENA region, including in Yemen, normally the most conservative country in the area for gender issues.

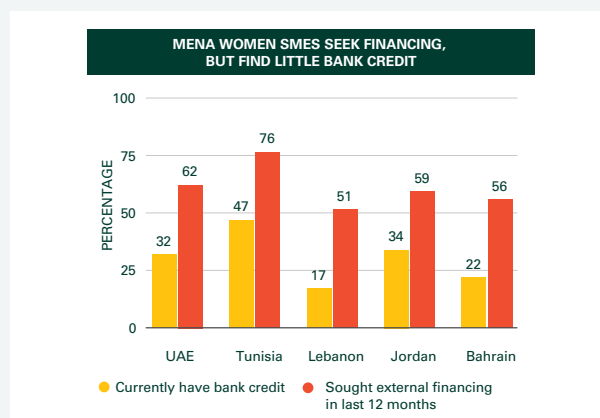
ATTITUDES ABOUT WOMEN AND WORK (% AGREEING WITH STATEMENT)		
	When jobs are scarce, men should have more right to a job than women	Having a job is the best way for a woman to be an independent person
Algeria	58.0	69.3
Bahrain	30.7	76.7
Palestine	65.5	70.2
Iraq	65.2	67.7
Jordan	80.6	73.7
Kuwait	62.0	64.4
Lebanon	40.8	77.7
Morocco	60.6	59.5
Qatar	69.4	70.4
Tunisia	71.1	75.7
Egypt	83.4	79.8
Yemen	75.4	62.1
Global Average	50.9	43.4

Source: World Values Survey Wave 6, 2010-2014 (most recent)

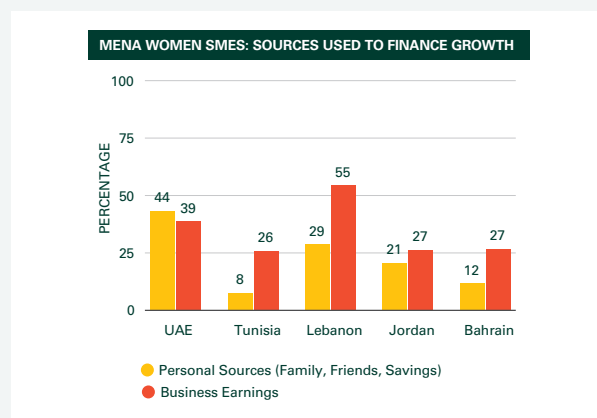
This combination of statutory and cultural limits creates many barriers for women who wish to start or grow businesses in the MENA region. Nevertheless, a handful of studies, as well as a number of press reports, suggest that female entrepreneurs in the region are producing surprisingly good results. Of these, the most complete and authoritative study is still the 2007 research produced jointly by the Center of Arab Women Entrepreneurs in the Middle East and North Africa and the International Finance Corporation.²³

A substantial percentage of the 1,128 women-owned businesses in this study were producing more than \$100,000 a year in revenue. In Tunisia, UAE, and Bahrain, the average number of employees for women-owned businesses was between 13 and 19, which also compares favourably to the averages in other nations. The average years of business experience were 10.6 years in Lebanon, 10.2 years in Bahrain, 8.6 years in Tunisia, 6.1 in Jordan, and 5.9 in UAE. Most were engaging in international trade. Yet, when these successful businesswomen looked for external financing for their growth, they were not finding bank credit, but instead relying on personal sources or reinvested earnings.

Against the backdrop of this challenging environment, the example of BLC Bank of Lebanon stands out for directly addressing the practical restrictions on female economic participation with innovative products and policies, while also addressing the cultural difficulties through both its messaging and its internal human resource practices. Forward-looking institutions remain the MENA region's best hope for bringing stability and prosperity through closing the gender gap.



Source: The Center of Arab Women for Training and Research, *Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions and Challenges*, IFC Gender Entrepreneurship Markets, 2007, Survey of 1,228 Respondents in Five Countries



Source: The Center of Arab Women for Training and Research, *Women Entrepreneurs in the Middle East and North Africa: Characteristics, Contributions and Challenges*, IFC Gender Entrepreneurship Markets, 2007, Survey of 1,228 Respondents in Five Countries

Local Rollout

To make good on this new brand positioning, BLC Bank needed to ensure that women coming to the bank would not have a negative experience. Training sessions were therefore given to all staff, with special focus on the front line. BLC Bank felt that these sessions were particularly germane and innovative because they addressed the problem of unconscious bias.

Gender sensitivity training is sometimes seen as a symbolic gesture rather than an attempt to create real change. BLC Bank, however, organised its efforts in a way that demonstrated, in a sustained fashion, that the appeal to women was a valuable strategic initiative that all employees were well advised to take seriously. They accomplished this through several specific steps:

- **Integrated Management.** As with most “women’s initiatives,” a few staff members were identified as torchbearers for the effort. Such posts are important, as there must be champions to execute the initiative, but when staffing stops with one or two designated representatives, momentum often stalls out in the early stages. BLC Bank added support to the champions by including both male and female torchbearers and by creating a steering group that had representatives from every area of the bank. By doing this, the bank ensured that all efforts were integrated and synchronised while also signalling that the initiative was important.
- **Performance Review Indicators.** Each employee is reviewed annually for their performance on metrics designed for their area of responsibility. The gender goals were translated into key performance indicators (KPIs) that quantified the employee’s achievements in moving the women’s initiative into business results. These KPIs were then included in assessments for salary and promotion decisions.
- **Decentralised Monitoring.** BLC Bank also appointed representatives in the branches whose responsibility was to ensure that the W^e Initiative campaign posters were on display, the collateral materials were visible, and that staff were enthused and acting on their training.
- **Periodic Incentivising.** BLC Bank runs promotions through a “product of the month” device that allows branches to win a reward if the featured product is sold. These promotions were used periodically to maintain the impetus of the W^e Initiative.
- **Measuring and Reporting Progress.** It can be very resource intensive for banks to go through their databases and add a marker so that information can be sorted by gender. One of the first actions taken by BLC Bank, however, was to go through their records and do precisely that. As a consequence, they have been able to “prove out” the wisdom of their strategic decisions and the value of women customers to the institution.

A Global Fund Expands Credit Access for Women-Owned Businesses

In 2014, in response to the clear economic and social benefits that come from women's economic empowerment and recognising that one of the most significant barriers for women entrepreneurs is access to finance, Goldman Sachs *10,000 Women* and the International Finance Corporation (IFC) launched a first of its kind finance facility dedicated exclusively to financing women-owned small and medium businesses. The Women Entrepreneurs Opportunity Facility (WEOF), as it is called, will enable 100,000 women entrepreneurs to access capital through local banks in emerging markets. Both innovative and impactful, this public-private sector partnership has now successfully catalysed co-investments from the public and private sectors, including the Swedish national pension fund (AP2), the Swedish government's DFI (Swedfund), the Dutch development bank (FMO), and OPIC, the Overseas Private Investment Corporation.

WEOF extends lines of credit to local banks in developing countries so that these banks, who know their women clients and understand their local markets, can then use the funds to on lend to women entrepreneurs. Depending on the bank, the facility also often takes a share in the credit risk of the women entrepreneur borrowers, stimulating the bank to develop new products and to reach out to new women entrepreneurs, and provides advisory services to help the bank better understand and serve the women's market. By early 2018, the facility had committed more than \$1.2 billion to banks in 31 emerging markets to expand their lending to women entrepreneurs.

In 2016, BLC Bank received a risk sharing facility under WEOF. An equity risk sharing opportunity had already become available when the Central Bank of Lebanon, BDL, launched the Circular 331 initiative in 2013 to stimulate the country's knowledge economy, by encouraging banks to invest in technology start-ups. However, BLC Bank had found that, because women and men tend to cluster in different industries, Circular 331 did put at a disadvantage those women whose businesses were not in the eligible technology sectors.

WEOF levels the playing field by making funding available for women with businesses across sectors. Having access to this facility therefore enables BLC Bank to widen the target market by accepting more diversified client profiles from women business owners. As a result of having access to the WEOF, BLC Bank has already extended \$2 million in new loans by the end of December 2018 to Lebanese women entrepreneurs. WEOF helps BLC Bank alleviate the capital requirement by providing an additional source of funds, but helping to improve the share of loans to women in their portfolio, working towards their target of 20% of their portfolio becoming loans to women by 2018. The risk-sharing aspect of the facility provides improved access to finance for those women who typically own fewer assets than men.

Internal Alignment

As the bank progressed in its efforts to win the confidence of women externally, the BLC Bank leadership wanted to be sure they were “walking the walk” by hiring and supporting women within the bank. Goals and programmes were put in place to bring the internal picture into alignment with the external outreach campaign. As a result of these efforts, the percentage of employees who are female grew from 47% to 51% between 2012 and 2015, while women in middle management rose to 36% from 32% only three years earlier. The bank publicly announced a goal to have 50% female senior managers by 2020 (that percentage had already reached 44% by 2015). Further, the bank began to increase sourcing from women-owned businesses in its own procurement.

The economy of Lebanon is heavily concentrated in services. Banking is both one of the largest industry sectors and one of the top sources of growth.
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Results

The results of the W^e Initiative are unequivocally positive. Not only has the bank's women segment been growing considerably since the W^e Initiative launched in 2012, but the segment has generated good returns. The Internal Rate of Return (IRR) for the entire initiative was 30% by the end of 2017. Since the beginning of the programme (beginning 2012) the number of SME women borrowers has increased by 66%. The SME women's outstanding loans portfolio increased by 57% between end of 2011 and December 2018, matching the same growth rate in the SME outstanding loans portfolio balance. The segment going to women-owned SMEs grew from 339 loans valued at \$11.1 million to 538 valued at \$17.5 million. Furthermore, over a similar time span, the total women deposits portfolio grew by 78%, compared to 33% for the total bank deposits.

SME RESULTS			
	2012	Cumulative to Dec 2018	
DEPOSIT ACCOUNTS			
Number of SME deposit accounts opened	1,529	10,168	
Number of SME deposit accounts opened to women	270	1,939	
Value of SME deposit accounts opened (\$'000)	51,476	394,291	
Value of SME deposit accounts opened to women (\$'000)	4,960	48,920	
LOANS OUTSTANDING			
	31 Dec 2011	31 Dec 2018	% Increase
Value of SME loans outstanding (\$'000)	137,135	215,717*	57
Value of loans outstanding to SME women borrowers (\$'000)	11,160	17,504*	57
Number of SME loans outstanding	2,848	3,711	30.3
Number of loans outstanding to SME women borrowers	339	538	58.7

Source: BLC Bank *Part of the medium portfolio was transferred to large in Sept 2016 following restructuring

The average profit margin on small business relationships with women was higher than those for men. There are several reasons for this. First, the women's loans were more likely to be medium- to long-term loans and therefore had a higher interest rate. The fact that women were able to access longer-term loans, however, indicates that they were able to move beyond short-term working capital infusions and investing in their businesses. Second, the women's businesses were less likely to be in the industry sectors that qualified for subsidised loans from the central bank, for which margins were thinner. Third, the women's deposit account values were smaller, on an individual basis, with 60% being less than \$1 million. Thus, the bank did not pay as high an interest rate to those account holders. Finally, the nonperforming loan rate among women was lower than that for men, despite the credit assessments having been performed equally. Indeed, the non-performance rate among women-owned businesses remained at a rate substantially below that of men (3.44% for women versus 14.25% for men) by November 2018.

RETURN ON ASSETS 2017 (%)		
	Women	Men
Small businesses (Turnover ≤ \$1 million, Facility Limit ≤ \$500k)	9.28	8.98
Medium businesses (Turnover ≤ \$5 million, Facility Limit ≤ \$2 million)	7.14	10.15
Large businesses (Turnover > \$5 million, Facility Limit > \$2 million)	7.14	6.99

Source: BLC Bank

BLC Bank believes the women’s portfolio is poised to grow even more rapidly. Now that trusting relationships have been cultivated, they think their current female customers will bring others into the bank. Further, though the women showed slightly lower cross-selling rates than did men at first, with females having a ratio of 2.01 compared to men at 2.27, during 2018, the rate of cross-selling for women has been stable, male’s rate slightly decreased.

SME GROWTH 2012 TO 2018						
	Male SME Customers 2012	Male SME Customers 2012-2018		Female SME Customers 2012	Female SME Customers 2012-2018	
DEPOSITS						
Number of SME deposit accounts opened	1,259	8,229		270	1,939	
Value of SME deposit accounts opened (\$'000)	46,516	345,371		4,960	48,920	
SME LOANS						
	At Dec 2011	At Dec 2018	% Change	At Dec 2011	At Dec 2018	% Change
Number of all SME loans outstanding	2,509	3,173	26	339	538	59
Value of all SME loans outstanding (\$'000)	125,975	198,213	57	11,160	17,504	57

Source: BLC Bank

The return on assets for the women-owned SME portfolio was stronger for small, medium, and large businesses than for the male-owned businesses of any size.

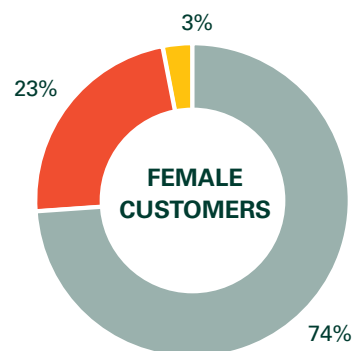
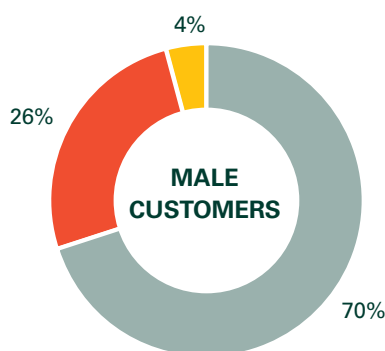
The W^e campaign also appeared to have brought in business from male customers. Surprisingly, while the portfolio of female SME customers grew dramatically, the male SME customer base also experienced very healthy growth during the same period.

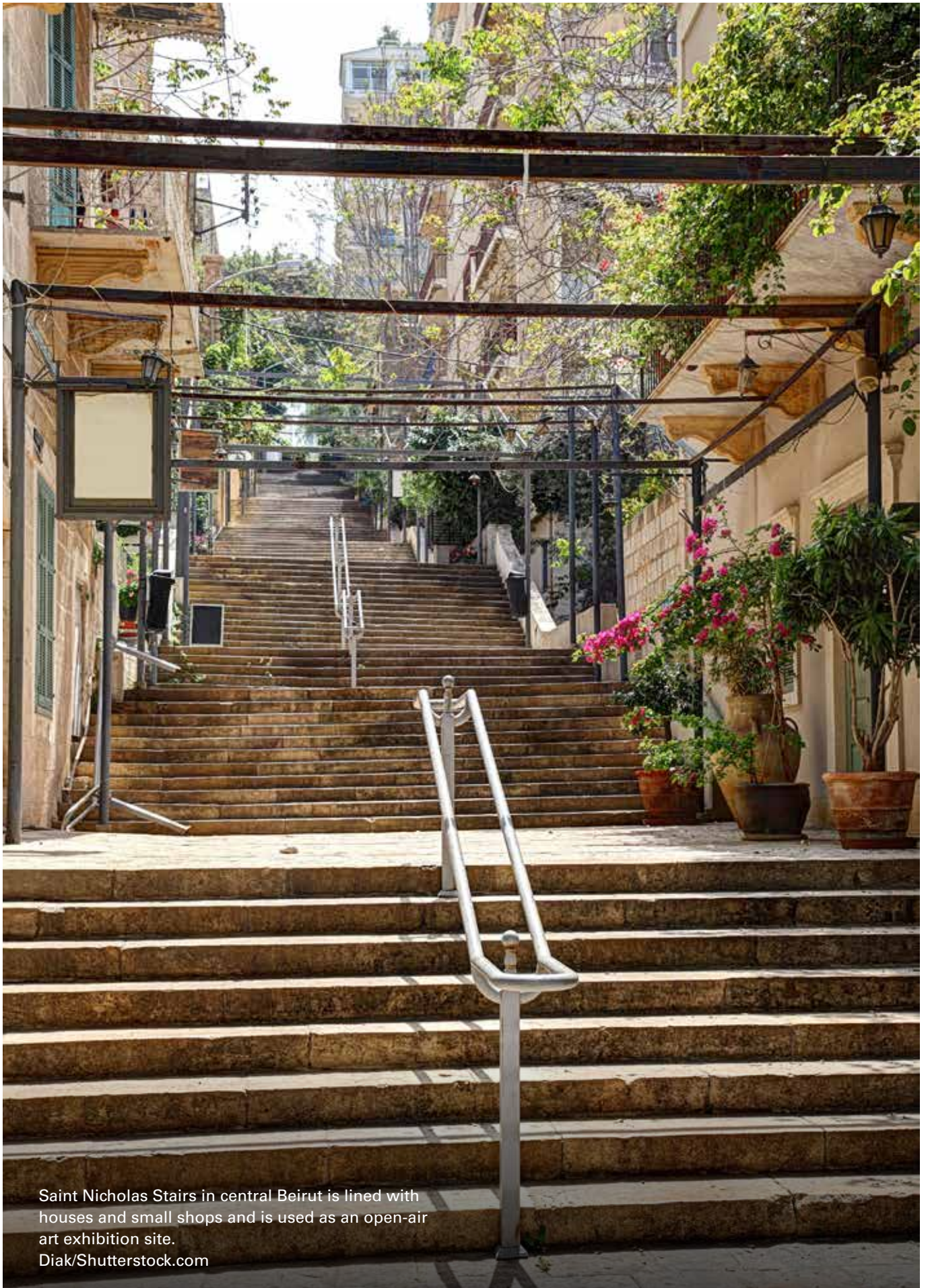
In addition, customer attitudes were very positive. In a survey of 1,600 bank customers conducted at midyear 2016, males and females were asked to indicate on a scale of 1 to 10 whether they would recommend BLC Bank to friends and family. Both genders (72% of respondents were male) overwhelmingly chose 9 or 10, indicating very strong support for BLC Bank.

CUSTOMER ATTITUDES 2016

On a scale of 1 to 10, with 10 being “very likely”, how likely would you be to recommend BLC Bank to family or friends?

- Promoters (Selected 9 or 10)
- Passives (Selected 7 or 8)
- Detractors (Selected 0 to 6)





Saint Nicholas Stairs in central Beirut is lined with houses and small shops and is used as an open-air art exhibition site.
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With Capital, Female Pharmacist Turns Obstacles into Opportunity

Hayfa Ragi qualified as a pharmacist – a non-traditional occupation for women – in 2010.

After working in a pharmacy for a year, she decided to go into business for herself. Hayfa's family was supportive, but they could not put up enough money for the modern, fully-stocked store she felt she needed to compete.

After a year of writing business plans, lining up permits, and scouting locations, Hayfa approached BLC Bank. Despite her young age and short track record, the bank was able to arrange a start-up loan for her, making use of a BDL 185 Term Loan supported by Lebanon's central bank.

The Raji Pharmacy opened in 2013. Hayfa faced a significant competitive challenge in that locals were hesitant to trust a woman as a pharmacist, especially one still under 30. Hayfa built her reputation by focusing on customer service and soon earned trust in the community:

"I shared their concerns. I talked with physicians. I gave them support." Indeed, Hayfa's gender soon became a competitive advantage because women, especially when pregnant, prefer to speak to another woman about their health.

Sales have grown at a higher rate than the Lebanese economy as a whole and Hayfa has built a friendly, collaborative relationship with BLC Bank, who she now uses exclusively.

The initial loan funded her inventory and set-up, but increasingly Hayfa worried



Hayfa Ragi, founder and owner of Raji Pharmacy

about owning her site. The value of the business rested on her loyal customer base. If she had to leave her store because the landlord wanted to use the space a different way, that value could be jeopardised.

Hayfa approached BLC Bank for a loan to purchase the building over time. This time, BLC Bank could look to the Women Entrepreneur Opportunity Facility to share the risk – a long term loan to such a young business, even with a mortgage, would have been difficult to get approved if the WEOF funds had not been available.

The second loan, arranged in 2015, enabled Hayfa to borrow enough to buy her building and repay over ten years. Owning her pharmacy outright gives Hayfa the confidence to plan for the future, but she remains conscious of the challenges of the Lebanese economy and the financial constraints on her customers, and so continues to carefully manage risk as her business grows.

Conclusion

The BLC Bank experience shows that a well-planned and integrated effort to include women as a focal market segment can be worthwhile for banks. Women emerged as stable, loyal, profitable customers. Overall, the W^e Initiative paid for itself and returned at a high rate to the bank's bottom line. The effort required an authentic approach that addressed the target market's concerns and pulled the entire ethic of service and diversity through the bank's operations. As a result, the bank's staff was also transformed in terms of both diverse representation and inclusive attitudes. In the end, all aspects of the bank's operations benefited.

The effect of the W^e Initiative on women in the Lebanese economy was also positive. Training sessions augmented the business skills of entrepreneurs and the connected networking events helped better integrate women business owners into the overall economy. Awards provided public recognition for women's leadership in enterprise, thus providing role models for the women's business community generally. Capital availability helped women-owned businesses grow, adding jobs for others. Women advanced within the bank and female retail customers were better served. We believe the BLC Bank effort, especially because of its uncompromising stance and widespread awareness, gave prominence to the women's economy and, by their own expression of respect, lifted the perceived status of women as a crucial part of Lebanon's economic future. The response from men and women as both customers and employees created a shared community effort, one that will likely last a long time, instead of a one-off, limited promotion aimed at women. Overall, the BLC Bank example is one that the financial sector worldwide can look to for learning and inspiration.



The majority of the people of Lebanon live on or near the Mediterranean coast, and of these most live in and around the capital, Beirut.
iStock.com/urf

Footnotes

1. While there are now a large number of authoritative reports making this observation or building on it, the World Economic Forum was the first to publish a thorough cross-national case: Global Gender Gap Report, Geneva: World Economic Forum, 2006-2016. For a more recent articulation of the case, see Stefania Fabrizio, Lisa Kolovich, and Monique Newiak, Pursuing Women's Economic Empowerment, Washington, D.C.: International Monetary Fund, Report for the G7 Ministers, May 2018.
2. Measuring Women's Financial Inclusion: The Value of Sex-Disaggregated Data, Global Banking Alliance for Women, Data2X, and the Multilateral Investment fund of the Inter-American Development Bank, September 2015.
3. DeAnne Aguire, Leila Hoteit, Christine Rupp, and Karim Sabbagh, Empowering the Third Billion: Women and the World of Work, Strategy & (originally published by Booz & Company), October 15, 2012.
4. World Bank Group, The Global Findex Database, accessed July 15, 2019, <https://globalfindex.worldbank.org>. See also, Anna Stupnytska, Kathryn Koch, Amy MacBeath, Sandra Lawson, and Kathy Matsui, Giving Credit Where it is Due: How Closing the Credit Gap for Women-Owned SMEs Can Drive Global Growth, Goldman Sachs Global Market Institute, February 2014.
5. MSME Finance Gap Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets, International Finance Corporation, January 1, 2017, 1X.
6. Stupnytska et al, Giving Credit Where It is Due.
7. The key premise of the Global Gender Gap Report, from when it began in 2006, was that the gender gap was harmful to national competitiveness.
8. Stupnytska et al, Giving Credit Where It is Due.
9. World Bank, Women, Business and the Law, Washington, DC: World Bank, 2014.
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12. Sandra Lawson, Douglas B Gilman, The Power of the Purse: Gender Equality and Middle-Class Spending, Goldman Sachs Global Markets Institute, August 2009.
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21. World Values Wave 6 2010-2014 Official Aggregate v.20150418. World Values Survey Association (www.worldvaluessurvey.org). Aggregate File Producer: Asep/JDS, Madrid SPAIN.
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Cover photo: With its high literacy rate and traditional mercantile culture, Lebanon has traditionally been an important commercial hub for the Middle East.
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