



GENDER-SMART BUSINESS SOLUTIONS

CASE STUDY: BANKING ON WOMEN ENTREPRENEURS PAYS DIVIDENDS AT BLC BANK



IFC

International
Finance Corporation
WORLD BANK GROUP



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Project Overview

The small- and medium-enterprise (SME) sector in Lebanon is a powerful economic force, accounting for 97 percent of all enterprises and employing more than half of the nation's workforce.¹ Despite this, women entrepreneurs often face barriers—ranging from restrictive legislation to lack of collateral—that reduce their access to finance. In response to these challenges, BLC Bank partnered with IFC to launch the Women Empowerment (WE) Initiative.

Under the WE Initiative, BLC Bank and IFC's Banking on Women (BOW) program researched gaps in women's access to finance and designed a new customer value proposition (CVP)—a set of products and services targeted toward women. BLC Bank and BOW also improved BLC Bank's ability to promote equality between women and men. The results confirmed that women entrepreneurs are good customers. Loans that BLC Bank made to women resulted in lower risk rates and higher returns and growth rates than those made to men. The groundbreaking offering for women entrepreneurs was complemented by investments in closing gaps between men and women working at BLC Bank. Ultimately, the bank benefited not just from improved profitability, but also from a diverse labor pool, improved product and service innovation, and greater market growth.

¹ Ministry of Economy and Trade, Lebanon (2013). "An Overview of the State of Competitiveness of SMEs in Lebanon and Their Interface with the Intellectual Property System." Available at: http://www.economy.gov.lb/public/uploads/files/9524_6086_6462.pdf

Project Objectives

Established in 1950, BLC Bank is one of Lebanon's oldest banks. With \$5.7 billion in total assets and 56 branches across Lebanon and Cyprus, it is also one of the country's best-positioned financial institutions. However, in an increasingly competitive industry, BLC Bank sought an opportunity to differentiate its offerings.

Bank management simultaneously realized that women banking customers, particularly SME owners, lacked dedicated financial products and services. While women are the sole owners of 41 percent of SMEs in Lebanon,² they receive only a small fraction of all bank loans. BLC Bank recognized that these disparities not only hold women back but also restrict the growth of the financial sector.

Addressing Gender Gaps

When launching the WE Initiative, BLC Bank took two mutually reinforcing steps to serving women entrepreneurs: first, the design of a dedicated series of financial and nonfinancial services, and, second, the development of internal capacity-building and the launch of women's leadership programs. These complementary measures ensured that the bank had the capacity to deliver on its ambitious targets for women SME owners.

² IFC (2011). "Strengthening Access to Finance for Women-Owned SMEs in Developing Countries". Available at: http://www.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G20_Women_Report.pdf?MOD=AJPERES

BLC Bank and IFC began their customer-focused work by conducting detailed market research to determine the specific gaps in financial and nonfinancial services that female entrepreneurs face in Lebanon. This informed the development of a CVP designed for women. The CVP included the following:

- Designing a collateral-free loan for businesses in existence for at least two years, in recognition of women's difficulty accessing collateral even when they are strong candidates for loans
- Creating the Mother Fiduciary Account product, which enabled women to open fiduciary accounts ordinarily prohibited and name their minor children as beneficiaries without having to refer to the children's male legal guardians
- Building BLC Cloud, Lebanon's first online banking platform, in response to women's time and mobility restrictions, as well as an online platform for the WE Initiative (www.we-initiative.com)
- Developing a suite of nonfinancial services, including mentoring and networking opportunities, to facilitate women entrepreneurs' access to improved knowledge and networks
- Promoting female role models through a national broadcast of the WE Initiative and Brilliant Lebanese Awards for women entrepreneurs.

For its internal initiatives, BLC Bank took steps to promote gender equality in its own business.

These included:

- Signing the United Nations Women’s Empowerment Principles, becoming the first bank in the Middle East to do so
- Training all BLC Bank staff on best practices in promoting gender intelligence
- Introducing paternity leave and increasing maternity leave by two months
- Increasing hiring of women at all levels
- Setting a target for gender parity in BLC senior management by 2020
- Sourcing from women entrepreneurs to fulfill the bank’s own procurement needs

The Business Case

Through the WE Initiative, BLC Bank has demonstrated the virtuous cycle that occurs when investing in women not only as customers, but also as employees and leaders. BLC’s investments have yielded the following:

- *Customer insight:* BLC Bank’s research yielded surprising results: Women felt disrespected and they were distrustful of the banks. Although they were largely satisfied with BLC Bank’s existing products, they wanted better support and more personalized services. This insight allowed BLC to design and launch targeted products and services.
- *Product innovation:* BLC Cloud, collateral-free loans, and a host of nonfinancial services set a new standard for banking services in Lebanon.

- *Market growth:* Between the end of 2011 and 2015, the number of women SME borrowers increased by 82 percent. The women SME outstanding loans portfolio increased by 121 percent, compared with 46% increase in the total number of SME borrowers and 71% increase in the total SME outstanding loans portfolio balance. Over the same period, the deposits portfolio of women grew 65%, compared with the total bank deposits, which grew 34%.
- *Increased profitability:* The annual growth rate and return on assets for products launched under the WE Initiative consistently outperformed those sold to men.
- *Reduced risk:* Women proved to be reliable borrowers. The rate of nonperforming loans for women at BLC was 2.45 percent, substantially lower than the bank’s overall rate.
- *Diverse and skilled labor:* The number of women employees at BLC has grown from 47 percent to 51 percent.
- *Positive media:* BLC received extensive media coverage on the WE Initiative, helping to strengthen its reputation as the bank of choice for both Lebanon’s women entrepreneurs and financial professionals.

BLC Clients on the WE Initiative

Mina Mneymneh and Carine Farsoun are founders and owners of GarageLuxe, the first official reseller of luxury fashion products in Lebanon. To open their consignment store in downtown Beirut, they chose to seek financing from BLC Bank, ultimately receiving a \$20,000 loan.

I’m proud that we have to-date influenced the creation of more than 25 programs in banks around the world. The “Women Empowerment” initiative started as a shy idea few years back and has now developed into a successful, fullfledged program that contributes to international best practices in this domain.

Nadim Kassar

Deputy Chairman General Manage, BLC Bank

IFC AND BANKING ON WOMEN (BOW)

IFC’s BOW program plays a catalyzing role for partners and financial institutions by helping them to profitably and sustainably serve women-owned businesses. Since the launch of BOW in late 2010, IFC has made over 40 investments in financial institutions with a cumulative committed portfolio of over \$1.4 billion.

“While every bank promises to give you a good deal on your loan, BLC Bank doesn’t just talk; it delivers. It is not a one-time thing with the Bank. It holds your hand and helps you to get going,” explain the owners. “Applying for the BLC Bank award has allowed us to look at our business from a different perspective and inspired us to keep going.... We think BLC Bank is the leader and innovator in the SME market, particularly when it comes to technology. As women, we feel empowered by the bank.”

PUTTING THE BUSINESS CASE INTO ACTION WITH IFC

Recognizing that equality of economic opportunity between women and men drives productivity, profitability, and performance, IFC’s Gender Secretariat helps clients achieve gender-smart solutions to their business challenges. We work with clients to better manage talent in their workforce and supply chains and to design products that tap the earning potential of the women’s market. Our motivating force is the knowledge that when companies and people—no matter their gender—can reach their full potential, families, communities, and economies can achieve sustainable growth and prosperity.

What BLC Bank says

The WE Initiative started from the will to strategically differentiate from other market players. At the launching date in 2012, it was a risky and bold move. Four years down the road, we realize that it paid off, as BLC Bank has received several awards and is now recognized as a leader in this field in Lebanon and worldwide.

Tania Moussallem

Assistant General Manager, BLC Bank

What BLC Bank clients say

We were an idea and now, thanks to the BLC Bank, we are a growing business.

Mina Mneymneh and Carine Farsoun

Founders, GarageLuxe

What IFC says

BLC Bank has succeeded by understanding that reaching women customers requires two things: an in-depth understanding of women’s financial needs and preferences and deeply engrained gender equality within the company.

Manar Korayem

EMENA Women Banking Champions Program Lead, IFC

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