

CASE STUDY

Moving US\$10M to Women-Owned and Led Businesses in Six Months

An El Salvadorian Bank's Journey



Athena Global provided advisory support to the Small and Medium Sized Enterprise (SME) division of an El Salvadoran bank as part of a donor funded program for gender lens investing. The project goal was to develop a gender segmentation strategy for lending to WSME (women owned or led SME) and design a customized loan product targeting women as a segment in its SME portfolio. The bank offers retail, corporate, and non-banking support services, including payment processing.

PROJECT OVERVIEW

Financial Institutions are not homogenous and neither are their commercial strategies, risk frameworks, or operational capabilities. Co-developing a gender product required understanding the status quo of the bank's readiness for and ability to co-develop a gender segmentation strategy for expanding its gender-focused service and product offering, along with a modification of its organizational structure to support both.

To do so, over three months, Athena conducted its proprietary Rapid Diagnostic (RD) methodology with the participation of all the functional areas of the bank, including credit, underwriting, sales, front-end operations, HR, IT, marketing and CSR.

EL SALVADOR MARKET CONTEXT

The financial system is very crowded, with many players (25 supervised entities and over 120 unsupervised entities). However, the percentage of the SME market served by the financial system is only 40%, with less than 20% of the SMEs financed by regulated financial entities. One of the main barriers to credit for SMEs, especially women-owned and women-led is the lack of mortgageable assets or pledge-able collateral.



DIAGNOSTIC FOCUS

The diagnostic focused on the current situation of the bank's SME business unit, especially existing and expected product offering for women entrepreneurs and women-led businesses. In parallel, the Athena team conducted a market assessment to understand specific insights and opportunities for a gender-focused product. Part of this assessment also included an exploration of sales and distribution channels to optimize cross-sell to current women-owned/led SME clients.

All of our engagements are women- and client-centered. We consider each client's and market's particularities rather than offering a one-size-fits-all approach.

The engagement also required very specific, results-oriented outcomes and outputs in a short period of time. Therefore, as part of the RD, we included four quantitatively oriented gender lenses through:

- ✓ Gender-disaggregated portfolio analysis
- ✓ Perceived risk vs real risk assessment as it relates to women borrowers
- ✓ Risk appetite mapping for all levels of the firm
- ✓ Setting up risk management boundaries to finesse practical solutions within an existing operating model

The RD and market assessment identified high-level strengths and gaps, followed by possible solutions to enable the bank to take advantage of this market opportunity. Athena recommended focusing on “low-hanging fruits” before embarking on more significant initiatives that may have budget implications and require buy-in from a broader audience.



HIGH-LEVEL "WINS"

Performing a gender-disaggregated portfolio analysis allowed the bank to:

De-Risk Gender

The analysis built the evidence base for "de-risking" gender by showing that gender-equitable businesses provide sufficient financial returns worthy of commercial investment beyond grant funding.

See the Opportunity in Gender Lending Products

By working with their own data, the bank saw the opportunities of gender lending products—within a larger gender segmentation strategy—and within their own context.

During the product development phase, for nine months, Athena worked with the bank to design a tailor-made uncollateralized lending product according to the bank's risk appetite and operational and IT capabilities to cross-sell to current women and women-owned/led SME clients. The product development phase concluded with the developing of:

- SMEs represent 99% of all companies in the El Salvador national economy.
- SMEs contribute an estimated 35% of gross domestic product (GDP) and generate around 700,000 jobs.
- Women own 64% of microenterprises.

Product Manual

Including the defined segment and product characteristics, sales process, underwriting process, and approval process as well as the post-loan management guidelines and risk framework with its corresponding metrics and procedures.

Economic Model & Product Pilot Recommendations

To support local and regional buy-in for the product launch and pilot phase.

OUTCOMES


The gender lens product was launched into the market and deployed more than USD \$10M during its first 6 months to women-owned/led SME clients. The bank has also used the same approach and methodology for other variations on the product to expand across the SME and other divisions.

Thank you to project contributors: Kaylene Álvarez, Samuel Ayala, Katherine Báez, Álvaro Espitia, Hama Makino, and José Luiz Martínez.

ABOUT ATHENA GLOBAL

Athena Global is an impact finance company. We offer venture debt and niche advisory services to promote access to finance for Small and Medium Enterprises in emerging markets. Our mission is to ensure that every viable early-stage business owner has no constraints to capital.

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