

Closing the gender gap in financing

Leaders from multilateral development banks, financial institutions and the private sector called on peers to dispel myths about women being too "high risk" for financing - and to offer more financial services for women in business to close the gender finance gap.



Image source: Getty/Gallo

"We know that women are a good bet. We know they pay back. We know they run excellent businesses – and yet they are not getting financed," said Dr Jennifer Blanke, African Development Bank vice president for agriculture, human and social development.

An important step is for multilateral development banks to offer credit guarantees to commercial banks to invest in women entrepreneurs, she said.

"We know that if we provide those guarantees, then the banks are going to be lending to a lot more women, and they are going to discover that women are an excellent bet – and are an excellent investment."

Strides have been taken to bring gender equity to financing. However, according to World Economic Forum data, at current rates of progress it will take at least 200 years to close the global pay gap between men and women.

Asian Development Bank's Gender Lead, Sakiko Tanaka, said: "There's more money coming in for gender equality."

However, there are still major gaps globally and as well as in each region."

Poor access to collateral

Women face unique constraints such as poorer access to collateral and land, running smaller business compared to male entrepreneurs and blurred lines between women's personal and professional finance spend.

Aside from risk-sharing interventions like credit guarantees to lenders, increasing women's financial literacy was also key to closing the gender gap.

"It's not about corporate social responsibility or charity," said Barbara Rambousek, director for gender and economic inclusion at the European Bank for Reconstruction and Development. "It is about developing that business case and developing a proper set of financial and non-financial services."

African women entrepreneurs

In Africa, 70% of women are excluded financially and there is a \$42bn financing gap between men and women. Yet Solomon Lartey, managing director and CEO of Activa International Insurance Ghana sees opportunity, particularly in West Africa, home to what he says is the world's highest rate of women entrepreneurs.

"To get women where they want to be, we had to walk with them. The first thing is training them [about financial services], then granting them access to legal assistance and to financial education – we have to do all those things," Lartey said.

In some developing regions of the world, women face challenges getting basic documents like a birth certificate, required by commercial bank applications.

Tesi Rusagara, the head of Kigali Innovation City, said the more services for documentation and financing tools are brought online, the more value will be created for women.

John Wilson, CEO of Equity Bank, added that it is important to not only use data and technology in financial services, but to also have a physical presence where clients are, to make a human connection.

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