



1. OPPORTUNITIES AND BENEFITS OF TARGETING WOMEN AND YOUTH

Youth

Women



Improved Literacy and Education

- The average level of schooling has quadrupled since 1960 and illiteracy has been reduced by 50% since 1980
- Between 2000 and 2010, primary education net enrolment ratios (NER) increased from 86% to 94% in the MENA region
- From 2000 to 2008 enrolment in Higher Education institutions in MENA increased by 20 to 30% on average

(World Bank, 2013)
(World Bank, 2014)

- From 1978 to 2016 the literacy rate among adult Arab females has increased by 31%, according to World Bank estimates
- On average enrollment rates in tertiary education are higher for female students than for their male counterparts
- In recent years, the proportion of female students in Science, Technology, Engineering and Mathematics has been comparable to the levels found in Western nations

(World Bank, 2009)
(Dalacoura, 2019)



Unemployment and limited Labour Market Participation

- Youth unemployment is, on average, 21% in the Middle East and 25% in North Africa
- In MENA, recent graduates and experienced employees have traditionally preferred to work in the public sector, as opposed to the private sector
- The high demand of public sector jobs has led to a saturation of this industry
- In light of this, youth entrepreneurship can aid address youth unemployment and poverty
- As the SME sector is extremely diverse, the private sector can accommodate a wide range of skills

(World Economic Forum, 2017)
(UN, 2017) (World Bank, 2013)

- The public sector in the MENA region has traditionally offered more "women-friendly" jobs. Hence, female workers have been attracted to this sector
- As the public sector becomes increasingly saturated, female employees are likely to be one of the groups most affected by reduction in job offering
- Female entrepreneurship can be an opportunity to address this issue

(ILO, 2016)
(European Training Foundation, 2016)



Demographic Transition

- At present 60% of the population in the MENA region is below the age of 30
- 30% of the total population falls within the 15-29 age bracket
- Youth digital skills have greatly increased in recent years. It is expected that the young generations will expand the digital sector in MENA

(McKinsey & co, 2018)

MARKET NICHE

- The MENA region has the lowest portion of female-owned SMEs in the world, with average ownership rates of 12 to 15%
- This market segment, which has been thus far greatly overlooked by financial institutions, offers great growth potential

BENEFITS TO BANKS OF TARGETING WOMEN

- As competition increases amongst banks financing SMEs, targeting women can be a market differentiator
- Women tend to be more loyal customers than men, and there is higher cross-sell ratios for women
- Women tend to have a higher propensity to save than men
- Women are more risk-aware. As a result, women-owned SMEs perform better than men-owned SMEs. Default rates of women-owned SMEs are lower
- Women clients tend to refer more customers to a bank than men. Family linkages are greater if targeting women

(International Finance Corporation, 2018)



Potential to exploit a Market Niche

2. HOW CAN TECHNOLOGY HELP OVERCOME BARRIERS OF ACCESS TO FINANCE

LACK OF SUITABLE DATA

Barrier

- Banks tend to be unaware of the business potential of targeting women and youth. Hence, this segment is not prioritized
- As a result data collected by banks is not age- or gender-disaggregated. This in turn poses further difficulties for banks to understand the potential of this segment. Moreover, it prevents financial institutions to provide tailored products for these customers

(International Finance Corporation, 2018)

Role of Technology

- Big Data analytics and Artificial Intelligence can be employed to gather more accurate data (disaggregated by gender and age)
- This can in turn shed light into the potential of the youth and female segment and help provide tailored financial products

(OECD, 2019)



LIVING IN REMOTE AREAS

Barrier

- Access to finance in remote areas is constrained by large fixed costs. Banks are reluctant to open up branches in areas where physical infrastructure and connectivity are not adequate
- According to the United Nations, only 15.6% of low-income individuals in MENA have access to finance, as opposed to 41.3% of high-income individuals. Amongst the groups that remain outside of the conventional financial networks are women, poor, rural and less educated individuals

(World Bank, 2011) (United Nations Economic Commission for Africa, 2014)

Role of Technology

- Technology solutions can help address these issues. Regarding payments and financial transactions, mobile phones can help overcome mobility issues
- As for account openings and more complex transactions, online services coupled with Artificial Intelligence can be used to provide these services remotely
- If these technologies are to be employed, banks have to ensure they put in place confidentiality and personal data protection policies

(International Finance Corporation, 2018)



WOMEN'S COLLATERAL

Barrier

- Few women own land in the MENA region and most non-land assets that women own or rent are usually registered under the name of their husband or their father
- This constitutes a big barrier to female entrepreneurship, as financial institutions do not tend to provide loans to clients who do not own collateral
- Besides some informal barriers, certain MENA countries have laws that make it officially harder for women to own property and thus have access to finance

(International Finance Corporation, 2018)

Role of Technology

- Improving payment-system infrastructure, including credit bureaus and credit guarantee schemes, can help address women's lack of collateral

(International Finance Corporation, 2018)



3. CASE STUDIES



Lack of Suitable Data

Bank Al Etihad- Provide women with tailored financial products

The Bank launched a distinct brand for women called “Shorouq” in order to develop a new consumer value proposition. This brand has launched four new financial products tailored to women, as well as a platform to provide women with non-financial services.

Moreover, the bank has launched the Bank of Etihad SME Awards program to provide female SME owners recognition for their effort and success. Additionally, the bank’s frontline staff have been trained to leverage the institution’s sales and services platform to become more gender-inclusive.

(International Finance Corporation, 2018)



Living in Remote Areas

Mashreq Bank- The use of Intelligent Automation

Under the name of “imashreq”, Mashreq Bank has launched the region’s first fully automated branch.

This platform allows customers to perform a wide variety of services remotely. For instance, clients are able to open bank accounts, apply for credit cards or make investments and deposits.

Extensive automation technologies are used in order to render banking services more convenient and accessible to customers living in, both, urban and rural areas.

(Accenture, 2016)



Women’s Collateral

BLC Bank in Lebanon –Addressing the lack of collateral

In 2010 BLC Bank came to understand that the female banking market has enormous business potential, both as a market with very few competitors and as a niche that could provide a competitive advantage.

The Bank employed Data Analytics to examine this segment’s potential. Data demonstrated that, in Lebanon, women make up more than 50% of the population. Moreover, they tend to be better educated than men, they have higher savings rates, exhibit a risk-averse financial behavior and display higher customer loyalty than their male counterparts. Additionally, they tend to buy more banking products and refer more new customers.

As a result, in 2012, the bank launched “WE Initiative”, a programme addressing female customers. Firstly, given that Lebanese laws prevented women to open bank accounts for their children, BLC Bank adopted a legal turnaround providing women the opportunity to do so. Secondly, the bank designed a collateral-free loan to ensure that female entrepreneurs could finance their SMEs.

(International Finance Corporation, 2018)