

BEST PRACTICE IN MICROFINANCE

Non-Financial Services targeting women-led MSME clients of MFIs

Women make up 52% of the total European population but only 34.4% of the self-employed people and 30% of start-up entrepreneurs in the European Union. For this reason, microfinance sector is seen as one of the key channels in supporting women entrepreneurship and added value in new jobs created, and to embrace the [EU Gender Equality Strategy 2020 - 2025](#) to build gender equality in Europe by 2025. Experience shows that not only the design of appropriate finance products, but also the provision of tailored non-financial services (NFS) meeting the needs of women-led **micro, small and medium-sized enterprise (MSME)** clients of microfinance institutions (MFIs), will be crucial to improve their access to finance and contribute to gender equality.

Non-Financial Services for women-led MSME clients may include:

Encouragement & Recognition

- Women Business Awards
- Annual Conferences
- Women entrepreneurs' success stories

Mentoring & Coaching

- One-on-one business coaching through partnerships with existing mentoring and coaching programmes



Training and Information

- Seminars & workshops
- E-learning
- Knowledge tools
- Information support: call centres, publications, media

Networking

- Linkages to Networks or Business clubs
- S-commerce and interaction on Social Media Platforms to promote E-commerce products and initiatives (i.e., integration, affiliate links, tweets)

Why are women-led MSME clients interested in non-financial services? *

- Women may seek ample information before decision making.
- Women may feel less skilled when it comes to financial and managerial skills.
- Women may be influenced by social, cultural norms and other normative constraints.
- Women are often time-constrained due to burden of household responsibilities.

* How NFS Can Address Entrepreneurial Constraints

Why offering tailored non-financial services for women-led MSME clients is a win-win decision for microfinance institutions?

- Customer loyalty:** Women tend to stick to the MFIs that treat them well. Compared to male clients, the Net Promotor Score (likelihood to recommend the product or service) is consistently higher. On average, 1 satisfied female client recommends her bank to 9 others.
- Profitability:** Women entrepreneurs use 4 financial products per customer vs. 3.3 products for their male peers.
- Credit Risk:** Female clients are better payers (lower portfolio at risk).

Best practice case framework for women-led MSME clients of MFIs: KMF in Kazakhstan untapped potential of women MSME market

KazMicroFinance LLC (KMF) is the largest microfinance organisation in Kazakhstan. It serves both individual and group solidarity loans with focus on women entrepreneurship and inhabitants of remote rural areas. Its holistic approach to serve women-led MSMEs was established back in 2018 and stands on **6 key pillars**: *access to credit, knowledge, markets and excellent service, as well as encouragement and diversity of choice*, as demonstrated in the table below.

Challenges	Value Proposition	Products and Services
Collateral	Access to credit	<ul style="list-style-type: none"> Products with alternative collateral Loyalty programmes Special promotions
Interest rate		
Eligibility		
Social constraints Time constraints Multiple responsibilities Lack of education and entrepreneurial skills (including soft skills)	Access to Knowledge	<ul style="list-style-type: none"> Women's Café Annual event "Women and Business" Brochures and business news magazines Social media and electronic knowledge tools
	Access to Markets	<ul style="list-style-type: none"> A portal for women entrepreneurs (est. 2021) Organising forums on women's professional issues Success stories and award for women entrepreneurs
	Encouragement & Empowerment	<ul style="list-style-type: none"> Business education Participation in training of partners Relationship management
	Access to Excellent Service	<ul style="list-style-type: none"> Alternative channels for repayment and delivery of loans Compliance with the principles of customer protection KPI on gender ratio on management & staff level
	Strengthening skills & gender equality	Diversity/ Employer of Choice