Chapter 5

Conclusion

Commonwealth countries are emerging from the deepest global recession since the 1930s, forcing governments to seek alternative avenues for economic recovery and development. Ignoring or undermining the potential contribution of women can lead to lost GDP growth. Despite being the fastest growing emerging market, women receive a relatively low proportion of credit worldwide. Women entrepreneurs and women farmers worldwide continue to cite the most significant obstacles to business growth as access to finance and land.

Financial access is a critical element of economic growth and development; the bulk of empirical evidence suggests that developing the financial sector and improving access to finance may also reduce income inequality and poverty. Globally, the ratio of female to male participation in ownership of firms is 35:75, yet only 5 to 10 per cent of women-run SMEs have access to credit, resulting in slower business growth on average than for those owned by men (IFC 2011a).

GRI contributes to women's economic empowerment and helps to narrow gender gaps, particularly in employment and entrepreneurship. Supporting GRI can be a key source of growth for economies across the world as well as a lucrative opportunity for financial services providers. However, the issue of financial access for women is complex and requires the participation of a broad range of stakeholders and a mixture of short-term as well as long-term strategies. There is a great need for capacity building for government agencies, private sector institutions and business support associations to foster understanding of GRI.

5.1 Levelling the playing field

Governments, particularly ministries of finance, will require support to identify the policies, laws and regulations that hinder access to finance for women, and financial services providers may also require support to identify and explore opportunities to deliver inclusive products and services for women.

From a legislative perspective, policy-makers need to fully understand women's enterprises – including how and where women are contributing to the economy and the constraints they face in accessing finance – in order to design well-conceived government policies. This will help to foster an enabling environment that supports financial inclusivity for women. Policy-makers have an important role to play in facilitating GRI by implementing appropriate legislation; establishing indicators and collecting data; supporting business development institutions, women's business associations and advocacy groups that provide practical assistance in the workings of institutions; and disseminating market information widely.

5.2 Investing for an inclusive sustainable future

Financial services institutions should be provided with incentives to widen and deepen outreach to women entrepreneurs in particular and SMEs in general. Clearly, financial services institutions will require data, information and well-placed expertise in order to research new opportunities for developing products and services targeted at women entrepreneurs. Government policy that provides for tax breaks, attractive central bank reserve levels for SME loans or research and development derogations where financial institutions choose to invest in the research of new products may offer good incentives for the uptake of GRI.

5.3 Adapting and innovating

Financial services providers should understand the status of women within their organisations and seek to promote able female staff to senior levels within the hierarchy as well as understand the women's market and explore where it can fit into their individual strategies. For some financial institutions this may result in firms taking the strategic decision to re-align themselves to women's banking (e.g., Australia's Westpac, see case study VI) or develop specific banking units that are motivated to aggressively develop women entrepreneurs (e.g., the UK Royal Bank of Scotland and Nigeria's Access Bank Plc).

5.4 Providing a regulatory framework that encourages GRI

Despite Commonwealth countries having ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and endorsed the Beijing Platform for Action and other global and Commonwealth mandates, legislative barriers persist for women entrepreneurs. The evidence is clear: a poorly designed legal and regulatory framework may impede access to credit and other essential resources. This type of bias may be explicitly based on gender or indirectly manifest through factors such as the availability of time (for time-poor women, largely as a consequence of their traditional role in the care economy) or lack of appropriate documentation, formal schooling and other relevant resources that can facilitate access.

Financial services regulations can strengthen the rights of lending institutions to realise security and enforce contracts, thus boosting the level of credit and lowering its cost, if they are able to count on government support. Designing a regulatory framework so that GRI can flourish necessitates recognising from the outset that gender-neutral policies often have gender-biased outcomes. Amending legislation and signing up to mandates alone will not be sufficient without the regulatory and government institutional authority to motivate change in diverse arenas.