Good afternoon, ladies and gentlemen, I'm very pleased to join you today to discuss how we can speed progress for women entrepreneurs.

As you can imagine, as the UN Sec-General's Special Advocate for Inclusive Finance, I've heard stories from and met many women around the world who are striving to make the most of their businesses. An orange grower in rural Colombia; an egg producer in Uganda; a garment-maker in Bangladesh—what they have in common is that they are ambitious but they face more obstacles than men, including access to finance.

Financial services are essential for all self-employment, to grow small businesses, for asset accumulation, and household wealth creation. But in the case of women, financial inclusion can have an even broader impact. It can be a powerful tool to achieve many of the Sustainable Development Goals. Increasing women's use of financial services leads to greater spending on health, education, nutritious food, and much more, and on themselves, which is incredible empowerment. And we all know that the impact of women's success ripples out into their own families, their own communities, and their societies.

You've heard today about the challenges women entrepreneurs can face. Around 80 percent of formal, women-owned MSMEs [micro, small, and medium-sized enterprises] do not have access to the financing they need. This represents a $1.7 trillion finance gap.

However when women do have access to finance, they tend to take fewer calculated risks, which means that they borrow less than men and therefore under-invest. This in turn means that their businesses are on average less capital-intensive, make lower profit, and grow less. So we can see that there are issues here with both supply and demand.

Today there are far fewer women than men with formal accounts. The gender gap has remained steady at around seven points since 2011, and nine percentage points in the developing world, and I'm hearing that new Global Findex results will not show a better picture. The gap in accounts is particularly meaningful for women entrepreneurs. Because they are more likely than men to be denied a loan, they tend to rely more on personal savings to open their own businesses. So therefore financial inclusion for women is extremely important.

To eliminate these gaps, we have to ask why women's financing lags behind.

First of all, financial service providers typically do not see the business case for serving women, especially in lower-income countries.

Second, providers do not see women as promising customers because they don't know them—literally! Also, of GSMA's 800 telecom network operators, only 23 percent know the gender composition of their clients. A Women's World Banking survey of 29 institutions showed that two-thirds of them had not given consideration to women as a distinct market segment. So basically they don't know their customer base.

Women's access to finance is also affected by political and cultural forces. It's harder for women to open accounts or get loans because the lack of official ID is more common than with men. It's also harder for them to get loans because they don't always have collateral since land and other assets may be in their husbands' names.

Finally, women have lower understanding of the financial and digital worlds. Fifty-one percent of women achieved only minimum scores on financial knowledge compared with 61 percent of men. And 1.6 times more women than men do not use the internet—simply because they don't know how.
So when it comes to transforming finance for women entrepreneurs, we're looking at a complex landscape, both on the supply and the demand side. But there are significant opportunities that could make a difference.

To start, we need to show banks and others that there IS a strong business case for serving hundreds of millions of women. Data from banks serving 22 million customers in 18 different countries show that women are strong savers, with lower loan-to-deposit ratios than men across regions. Women are prudent borrowers, with lower non-performing loans than men. And women are as loyal customers as men based on an analysis of their consumption of banking products.

In other words, women represent lower risk than men and they are sustainable clients.

So how can financial institutions approach the women's market successfully?

First, we need to start by collecting gender-disaggregated data. Financial institutions need to know the women's market in order to serve it well: How many female customers do you have? What is their usage like? Which products do they use most and when? What are their financial behaviors?

Second, we need women-centric approaches. Products and services, education and networking opportunities, marketing and branding—all need to be tailored for women. Services also need to be provided through channels that are convenient for women.

I'm not talking here about 'making it pink!' Women get, store, spend, invest, borrow, protect, and manage money differently than men. They prioritize services based on preferences including safety, privacy from friends and family and husbands, trust in providers, easy access, and low cost. For example, Nigeria's Diamond Bank has been successful by sending agents to women's businesses to help them set up mobile accounts. Simple, but it made a huge difference.

Third, we need innovative ways to improve women's credit-worthiness. Traditional collateral requirements deepen gender inequalities, but alternatives are increasingly available thanks to digital technology.

More and more institutions are using customers' digital footprints to determine their credit-worthiness. Moveable collateral is also relevant. Recently in Nigeria I met a catfish seller named Flora Edojah whose business had stalled without access to credit. A local fintech company called Lidya conducted a quick digital analysis of her recent transactions and offered her a loan in just 24 hours. Now, her small business income has increased by 21 percent, she has hired five people, and she can now easily pay school fees for her three children. So there's a lot of potential there.

Fourth, we need to remove the barriers women face when they don't have the legal ID required for financial access. This is especially acute among low-income women.

Different levels of ID requirements can boost women's financial inclusion. This enables banks to open basic accounts with low deposit amounts for women who are unable to obtain formal proof of identification. In 2011, Mexico approved a four-tiered customer-identification regulatory regime for opening deposit accounts; 9.1 million basic accounts were opened in the following two years.

But women entrepreneurs need more than finance to thrive. Financial and business training along with mentoring are often more valuable for women. In Colombia, Pakistan, Indonesia, and many other countries, I've seen that women's groups can be exceptionally effective at providing peer learning.

I'd like to close with a few words on partnerships. Those of us here are already part of a global partnership committed to strengthening women's entrepreneurship. But perhaps it's time to expand our thinking of how partnerships can work—how we can combine our strengths in completely new ways.

We're thinking today about partnerships that can break the mold of traditional development thinking. That can
build on complementary advantages and reach across divides that we rarely think to cross.

Some of the most innovative partnerships leverage private-sector solutions. This should not be confused with CSR. Instead, companies are recognizing that collaborating to support financial inclusion can lead to good business opportunities that are sustainable.

A few months ago I launched a group called the CEO Partnership for Financial Inclusion to further just this kind of thinking and action. Sitting in the room with them during our first meeting, I could see ideas spark between businesses that had never worked together before on this.

I'm confident your gathering today will generate sparks of its own. Innovation starts when we address problems and solutions in new ways. So sit down and brainstorm with someone from a sector you've never worked with. All of you have one thing in common: you have your commitment to improving finance for women entrepreneurs. It's your differences that could super-charge our progress.