

BancoEstado: From Massifying Access to Unlocking the Potential of Women's Enterprises in Chile

Case Study



BancoEstado at a Glance

- BancoEstado of Chile was established by the state more than 160 years ago and operates independently as a regulated commercial institution.
- The bank's role is to provide services to all people and companies, from micro to small and large businesses. One in three micro enterprises and one in four small enterprises in the country are BancoEstado customers.
- The bank serves more than 13 million customers, including more than 4 million that exclusively bank with BancoEstado.
- BancoEstado has a nationwide footprint, serving almost 80 percent of the country's population through 410 branches and 23,000 banking correspondents.
- Currently, women represent 51 percent of BancoEstado's total customer base, 37 percent of its micro enterprise and 22 percent of its small enterprise customers.
- Women represent 48 percent of BancoEstado's workforce and 27 percent of its senior leadership – a number the bank is actively working to increase via women's leadership initiatives.
- The bank has received a number of global and regional awards, including being ranked the "Safest Bank in Latin America" every year since 2012 by Global Finance magazine.

"BancoEstado's historic focus on increasing financial access for all Chileans made women's financial access a natural priority. The strong business results we have seen since adopting this focus on women are undeniable."

**Marialy Muñoz, Business Manager,
BancoEstado Microempresas**

As Chile's only state-owned commercial bank, BancoEstado has a distinct mandate to deliver financial products and services to the entire population and contribute to a more inclusive and equal country. The bank has long played a leading role in progressing Chile toward gender equity, with years of offering innovative products through channels that expand women's access to financial services – including CuentaRUT, an easily accessible payment account for all, as well as other savings, credit and insurance products. After becoming a GBA member and gaining further Women's Market insights from global players, the bank launched CreceMujer Emprendedora in 2015, focusing on providing financial and non-financial products and services to women's micro and small businesses. The program has achieved tremendous success, with a 33 percent increase in the number of women's small and micro enterprises that have received financing in the 3 years since launching. The program has established BancoEstado as a leader in Latin America and the world in enabling the full financial inclusion of women.

Boosting Women's Access to Financial Services

Across political administrations, increasing access to financial services has long been a priority of the Chilean government. BancoEstado has deployed a number of measures over the years that have helped support this goal – with particular impact on women. In 2006, there was a 30 percentage point gender gap in the number of debit accounts held in the country.¹ Thanks to the bank's groundbreaking, easy-to-open CuentaRUT account, by 2017 this gap had been completely closed, with women actually holding more such accounts than men. Today, there are almost 11 million CuentaRUT accounts – more than half opened by women – and 80 percent of women customers at BancoEstado hold a CuentaRUT account.

As part of a government program under the Housing Ministry, BancoEstado introduced Cuenta de Ahorro de Vivienda (Housing Savings Account) – a term savings account that enabled more Chileans to obtain mortgage or home improvement loans. Once applicants have maintained a minimum savings balance for the required period, they become eligible for a home loan as well as government subsidies. The account has particularly benefited women, who have less access to such financing. Today, 33 percent of BancoEstado's women customers have a Cuenta de Ahorro de Vivienda, compared to just 19 percent of male customers.

Despite these efforts, in 2012, BancoEstado noted some persistent gender gaps. Women held only 35 percent of the volume of credit in the Chilean financial system.² Moreover, women who were using credit largely did so for housing – with mortgages representing 58 percent of their loans – rather than borrowing for business, consumption or other purposes.³ Women were also under-represented in entrepreneurship in Chile, with only 31 percent of the 1.7 million micro and small businesses in the country in 2011 owned or led by women.⁴ The data revealed to BancoEstado that moving the dial for women would require a more comprehensive approach that tackled some of the underlying factors inhibiting their full economic participation.

¹ SBIF. Género en Sistema Financiero. 2018; ² SBIF. Género en Sistema Financiero. 2013; ³ SBIF. Género en Sistema Financiero. 2013; ⁴ Ministerio de Economía. SBIF. Pulso 2011

BancoEstado's Opportunity: Women's Enterprises

Going deeper into its own database, BancoEstado began to see that its portfolio reflected some of the gender gaps found in the country's overall financial system. While women represented 53 percent of total customers in 2014, they represented just 39 percent of micro enterprises that received financing and 17 percent of the bank's small enterprise customers. With strong support from senior management, the bank decided to move forward with a targeted value proposition for women's businesses that aimed to reduce these gaps. First, the bank sought to leverage global Women's Market best practices. In 2014, BancoEstado became a GBA member, attended the GBA Summit and visited Westpac in Australia to better understand its successful Women's Markets platform.

Understanding the Market

To gain more insights into the Women's Market in Chile, BancoEstado's management team traveled across the country and personally interviewed a number of women micro and small business owners to better understand their realities and needs, and incorporate these learnings into program design. BancoEstado also engaged two market research firms to conduct two waves of focus groups and individual interviews of clients and non-clients to understand their barriers and motivations. It became evident that the bank was unintentionally leaving these business owners behind and that there was a significant opportunity to increase their visibility in the business community.

Data and the Chilean Financial Services Regulator

Chile is the only country in the world that has consistently tracked sex-disaggregated supply-side data on access to and use of financial services at the national level for over a decade. The Superintendencia de Bancos e Instituciones Financieras de Chile (SBIF) began collecting sex-disaggregated data in 2001 as part of a government-driven focus on gender equality. This mandate played an important role in supporting BancoEstado to explore the Women's Market. Unlike banks in most other countries, BancoEstado had access to a complete and up-to-date picture of women's vs. men's financial services uptake and usage. This allowed the bank to size the gap and opportunity by product and by segment. Due to the SBIF's mandate, BancoEstado had also already undergone the necessary adjustments to its IT system to be able to report sex-disaggregated data.

The market research, complemented by national demand-side surveys conducted by government organizations, revealed six key themes:

- 1. Women feel more rejected from the financial system than men.** For example, almost 6 percent of women reported being rejected for credit by a bank, compared to 3.2 percent of men.⁵ Women's loan applications are denied in large part due to a perceived lack of payment capacity by financial institutions. This is attributed to women working in less profitable sectors as well as having shorter work days.
- 2. Women are more likely to distrust the financial system and will think twice before approaching a bank.** Sixty-two percent of women entrepreneurs surveyed have credit with a retail institution,⁶ mainly because of the increased speed of delivery and lower application requirements compared to banks.
- 3. Women tend to be more cautious when applying for a loan.** They typically ask for the minimum amount needed even though they may be approved for a larger amount. Therefore, women's average debt tends to be lower than that of men.



- 4. Women's multiple roles can impact both their personal and economic development.** Women tend to be heads of household as well as providers, which can result in less time and fewer opportunities for self-actualization, including training, network development, economic empowerment and other elements that could boost their growth and development.
- 5. Women prioritize savings over debt.** Women's main reason for saving is to enable them to cope with any unforeseen future events.
- 6. Women can self-marginalize.** They see banks as cold, distant institutions that they fear. Many women entrepreneurs do not recognize themselves as such, and therefore do not see that there are existing bank offerings that could benefit them.

The Customer Value Proposition: CreceMujer Emprendedora

These research insights formed the basis of the CreceMujer Emprendedora (Grow Women Entrepreneur) customer value proposition, intended to guide and support women's enterprises in Chile:

Increase Access to the Financial System

The research showed that increasing women's access to the financial system would not require product modifications, but rather better informing women about offerings and matching them to the right products. The bank worked to ensure the salesforce understood how to best assess women's needs and position the products and services that would fit them. In addition, BancoEstado developed an online tool, Ruta de la Emprendedora (the Entrepreneur's Route), through which the salesforce, as well as users, can link their needs more effectively with appropriate financial and non-financial offerings available from the bank or from the government. These efforts have helped BancoEstado save both itself and its customers time, and ensure that women clients are more comfortable with the bank's products. Additionally, as a value-add attribute to recognize program users, BancoEstado incorporated a loan interest rate discount of 10 percent for micro and small enterprise customers.

Expand Financial and Management Capabilities

BancoEstado developed in-person and virtual trainings to increase women's financial knowledge and management skills. While some are run by the bank itself, it also partners with a number of local organizations to offer these programs on a larger scale. For example, in partnership with "Mujeres del Pacífico" (Women of the Pacific) Foundation, BancoEstado ran the National Women Entrepreneurship Tour, which in 2016 and 2017 trained a total of 2,385 women business owners across seven cities in Chile on topics like Innovation, Business Finance, Marketing and Sales.

BancoEstado also developed an online community for CreceMujer Emprendedora to expand the level of support it could provide women business owners as well as to save them time. The community, which is open to clients and non-clients alike, offers a wide range of educational resources, capacity building articles and sign-up forms for upcoming training events. The bank also features profiles of successful women entrepreneurs and other female role models to serve as inspiration to visitors.

Build and Strengthen Networks

The bank also provides links to several government programs and organizations that support small businesses. BancoEstado developed public-private partnerships to link business owners with the entrepreneurial ecosystem, including, for example, Abeja Emprende Capital, a fund that subsidizes business management expenses and investments for women entrepreneurs. CreceMujer Emprendedora also helps women connect with each other: The bank organizes trade shows and networking events exclusively for women business owners. BancoEstado organizes two annual trade shows so that CreceMujer members can showcase their products and services and establish contacts. The bank also leverages social media platforms to position the program alongside specific resources, events and products, and encourage more interaction.



Comprehensive Insurance Protection for Micro and Small Businesses – and Their Owners

The bank also saw an opportunity to adapt insurance products to better meet women's protection needs. Under its insurance brokerage arm, BancoEstado developed and implemented a personal insurance policy to help women mitigate their health risks - something that they cited as a main concern and that is especially relevant for owners of micro and small businesses, who cannot afford to miss a day of work or lose income. The offering covers hospitalization, cancer and other severe illnesses, with coverage not only for the owner, but also for direct beneficiaries that they choose. This offer complements other products of this type – such as insurance for micro and small companies – and protects against risks to the company, including natural disasters, thefts and fires.



Supporting Micro Enterprises to Formalize

Fifty-two percent of all micro enterprises in Chile operate informally, and many are owned by women.⁷ BancoEstado recognized the opportunity to grow its micro enterprise banking business by supporting these businesses to formalize. Through its training programs, the bank helps attendees understand the benefits of formalization, such as access to new markets and business loans. BancoEstado is also working with the Ministry of Economics on an online platform that allows businesses to complete formalization requirements in an easy and efficient manner, and at the same time apply for the bank's Cuenta Emprendedor – a zero-fee transaction account for businesses.

⁷ Quinta Encuesta de Microemprendimiento realizada por el Ministerio de Economía, Gobierno de Chile Junio año 2018



Bringing the Bank Closer to Women

As part of its early efforts to financially include all Chileans, BancoEstado has ensured its presence in all areas of the country. The bank has expanded from 363 branches in 2014 to 415 branches in 2018, while other banks have steadily been closing branches.⁸

The bank also developed a network of 24,000 banking correspondents called CajaVecina (Neighborhood Bank). This is the largest POS network in the country, providing low-cost transactional services like money transfers, deposits and utility payments. Today, 90 percent of BancoEstado's women customers transact through CajaVecina. The bank also has 4,400 ATMs, 108 satellite branches, and dedicated toll-free lines for bank offerings for small and micro enterprise owners.

Going beyond traditional channels, the bank recognized the importance of digital services to boost efficiency. BancoEstado's mobile app, PagoRUT – used by 1.8 million clients and among the top 10 most downloaded apps in the country – has been nationally recognized for its role in financially including a significant number of Chileans and enabling them to make electronic payments.⁹ Today, women are responsible for 51 percent of the digital transactions made through the app. In 2017, the bank also developed the Compraqui (Buy Here) network, which allows small business owners to seamlessly accept electronic and card payments.

These channels, which range from high-touch to efficient and low-cost, were crucial in enabling CreceMujer Emprendedora to meet women where they are – making them see BancoEstado as both accessible and committed to serving them.



Embedding the Program

Inside Implementation

Given its expansive branch network, implementing the CreceMujer program was a challenging task. Trainings were conducted across all branches to ensure that staff members understood the different elements of the program as well as the importance of targeting women. The bank's president participated in a number of internal CreceMujer events to ensure there was visible senior management buy-in. Women's Market targets were set across the salesforce, including sub-targets related to women's credit products. More recently, non-financial targets on registrations for the CreceMujer program were also implemented, with educational activities and incentives to help draw more users into the program.

Distributing Responsibilities

A Women's Market team was formed with responsibility for leading the management of the program. The team coordinates efforts for micro and small segments, including developing alliances with different actors, coordinating non-financial service initiatives, and working with branches to establish goals. Likewise, an Editorial Committee was created to develop and coordinate content for the CreceMujer online community.

Tackling Gender Biases

About a year after launching the CreceMujer Emprendedora program, bank leaders perceived lingering difficulty in gaining staff buy-in. To tackle this, the bank implemented gender intelligence training with all branch staff that was designed to raise awareness about the differences between men and women, to align employees around the importance of equality, and to help them understand how social gender constructs affect both men and women. Between 2016 and 2017, the bank trained a total of 2,800 staff from all over the country. Teams made commitments to specific actions they would take to keep gender bias from creeping up in their day-to-day work, with Human Resources following up several months later to ensure accountability. An evaluation conducted both before and after the training showed that 87 percent of staff reported gender sensitivity and awareness following the workshop, compared to 58 percent before the workshop. The training was an important step to ensure that all women customers are treated with the attention, understanding and respect they deserve and need to deliver on the program's objectives.¹⁰

⁸ Rodriguez Grossi, Jorge. ¿Por qué inclusión financiera? 2017; ⁹ April 30, 2018, App PagoRUT was recognized as the best financial inclusion project by the consultancy Celent; ¹⁰ BancoEstado developed a scoring system in order to quantify the impact of the training on participants' gender sensitization and awareness that consists of nine questions that are responded with strongly agree to strongly disagree.

Becoming an Employer of Choice for Women

Management realized that the gender intelligence training was just a first step in changing the company culture to be more inclusive of women, and that a more comprehensive approach to gender diversity and inclusion (D&I) was required.

As a signal of its commitment to gender D&I, the bank signed on to the UN Women's Empowerment Principles (WEPs) in March 2017 and implemented the WEPs Gender Gap Analysis tool to identify opportunities to improve its gender balance and inclusivity. The internal diagnostic revealed that women's representation at the top of the organization was sparse – a common challenge faced by banks, both within the region and globally. To hold itself accountable for the advancement of more women into leadership positions, in 2016 the bank set an internal target to have at least 40 percent women across all levels of the organization, including senior leadership.

To accomplish this, the bank implemented a series of initiatives, including a mentoring program to support rising women leaders and a leadership development program that provides structured training to build the skills and confidence women need to rise through the ranks. To date, 90 women employees have been mentored, and 150 rising female leaders have participated in the leadership development program.



The bank has also continued to address internal mindsets and beliefs that serve as barriers to women's advancement – including women's own perception of the glass ceiling and the unconscious bias of a culturally acquired chauvinism. The bank has set up employee resource groups, Ciclos de Conversatorios, to enable dialogue and provide staff with the opportunity to brainstorm ways to overcome harmful, embedded cultural norms. To date, the bank has run 131 meetings, which have been attended by 90 percent of the bank's workforce.

BancoEstado has made significant progress against its target, with women currently representing 48 percent of the total workforce, 27 percent of senior leadership and 36 percent of middle management. BancoEstado has been recognized externally for these achievements, being named 7th among the most prestigious companies for young people entering the job market in 2016 by Talent Universum. Two of its subsidiaries – Microempresas and Corredores de Seguros – were named the Best Companies for Working Mothers and Fathers in Chile in 2017.

The Program's Impact on Women and the Bank

CreceMujer Emprendedora has achieved tremendous success, helping to strengthen the bank's business focus on women entrepreneurs and resulting in increased financing. In just 3 years, BancoEstado's loan portfolio to women's small and micro enterprises has increased by 34 and 14 percent, respectively.

Before implementing the program in 2014, only 39 percent of customers that held loans within the micro-enterprise portfolio were women, while in the small segment only 21 percent were women. By 2017, these numbers had increased to 43 percent and 24 percent for micro and small enterprises, respectively.

Today, the CreceMujer Emprendedora program features more than 600,000 users registered through different channels, including its online community as well as in-person through BancoEstado branches. Thirty percent of all CreceMujer Emprendedora members are registered for the CreceMujer online community, and a follow-up study conducted by the bank revealed that 88 percent of users' main motivation when

"We are very proud of the support we have been able to provide women entrepreneurs in making their role more visible in our country."

**Lilian Rocha, Deputy Manager
Customer Experience and
Microenterprise Development**

signing up for the online community is to gain business-related resources and ideas to improve their businesses – signaling the platform has gained a strong reputation as a trusted resource for women business owners. Average visits to the site reach 130,000 monthly, with a peak of 340,000 during International Women's

Month in March. Users view on average more than 1,200 articles and 100 training videos each month.

Through CreceMujer Emprendedora the bank has provided in-person financial and business management skills training and networking opportunities to over 11,500 female business owners. The program has also supported BancoEstado's position in overall customer satisfaction, with scores averaging a full 4 percentage points above its closest competitor.

The bank's brand has been positively impacted through its link to entrepreneurship, with women viewing the program as economically empowering them, helping them finance their enterprises, strengthening their business capabilities and networks, and increasing their visibility.

Gender Bonds to Finance Banking on Women

BancoEstado is a pioneer in leveraging its gender focus to develop funding sources. In June 2016, the bank issued the first-ever Socially Responsible Investment bond offered by a Chilean bank in any global market. The 10-year, fixed-rate Women Bond was issued in Japan for US\$94.2 million. The positive reception of the bond among investors led the bank to issue a second bond in August 2016 for US\$147 million.

Looking Forward

Given its strong performance with the Women's Market and positioning as a champion of women's businesses in Chile, BancoEstado is now aiming to be the credit provider of choice for women's businesses in the country. Recognizing the advantages increased education and expanded networks bring to women business owners, the bank also intends to ramp up the use and value of its non-financial services – expanding content on the CreceMujer online platform and increasing networking opportunities for business owners.

What Other Banks Can Learn from BancoEstado

- 1. Improving access to financial services is only the first step.** Although BancoEstado was already providing financial access to more than 75 percent of the women in Chile, serving women effectively required identifying gaps in segments, unpacking constraints and developing holistic solutions.
- 2. Women customers need multiple channels.** An expansive network of branches and banking correspondents combined with digital platforms helped BancoEstado meet women exactly where they were.
- 3. Changing mindsets takes time.** Cultural biases can be deeply rooted. Gender intelligence training can help change mindsets to ensure a program is thoroughly embedded; these messages must be reinforced across time to create real culture shift.



The **Global Banking Alliance for Women** is a consortium of financial institutions driving women's wealth creation. Our member institutions work in more than 135 countries to build innovative, comprehensive programs that deliver women entrepreneurs the tools – access to capital, information, education and markets – they need to succeed. Membership in the Alliance provides our member institutions with a global clearinghouse for best practices and a unique platform for peer learning, giving them the resources they in turn need to serve their women customers well.

For information on the Global Banking Alliance for Women, please visit gbaforwomen.org

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