

## Give Women Credit

The majority of the women in the world are poor. We women represent more than 50% of the population, but we own only 1% of the richness.

Many women around the world, in attempt to combat poverty, turn to self-employment. This supposes the creation of a business for which bank loans are usually needed.

However, the problem is that on a global level, women only have access to 3% of bank loans. In 2001, the Euro Chambre conducted a study of all European women who had applied for a bank loan that year, and found that the banks had rejected 85% of their solicitudes. Despite this discrimination, women have only proved to show that they *can*, in fact, be relied on to repay their loans. Of all women who have managed to receive a bank loan, only 1.6% have failed to make all repayments.

Why is it then that the banks show such little interest in women's business proposals, when almost 40% of the new entrepreneurs in Europe are been women?

Part of this reason can be contributed to the fact that many banks believe that the loan solicited is too small, which means less of a profit for the banks (as it is just as expensive for them to arrange a small loan as a large one). However, there should be less risk associated with these loans, as women only apply for the amount needed to upstart their business, and should be able to repay the loan shortly after having started to generate sales.

In many cases the bank asks women irrelevant questions about their personal situations (if she is married, has children, what her husband thinks about her business plan, how many hours she is planning to work, etc) – doubting their ability to run a real business. However, it must be noted that these personal inquiries are NOT made to men.

Furthermore, banks ask women to have more collaterals than men. This creates another type of problem, as they seldom own houses or have fixed assets, and it has been statistically proven that they receive lower pay. Therefore, the majority of the time, women who want to start a business have to have access to a bank loan, and have to ask a man to put up the collaterals for them. It is very discouraging for these women to do so, when in many cases, the woman wants to avoid having to depend on a man in the making of their businesses.

We also strongly believe that another key reason why women are experiencing difficulties in obtaining bank loans has to do with how these banks view enterprises; enterprises quickly expand, employ, and generate profits. However, a large number of women only start off on a small scale, and do not have immediate expansion plans. Normally, it is only a one-person business. In order to promote the future grow and profit- potential of women's businesses, these banks should not be denying loan applications, but encouraging women to create their own businesses. In turn, these women will be setting a precedent and giving confidence to other women who have larger, more innovative business goals, or who dream of expanding their business plan but are afraid of not receiving a larger enough loan from banks.

If women could have better access to credit, they would have so many more opportunities to change or improve their lives and reach their dreams. This is why, in 1979, the Woman's World Bank was created. Today it has over 43 affiliate all over the world with one in Spain since 1989.

The WWB affiliate in Spain has succeeded in aiding women to start-up over 2500 enterprises and creating over 4800 jobs for women since it was founded.

In order to do this, the WWB/Spain has developed different programs regarding women's access to finance.

Since 1989, the affiliate has created the business plans for the women, proposing a 4 - 5% interest rate with a 1 or 2 – year grace period and more time for repayment. It has managed to provide 12 million Euros in credit, comprised mostly of small loans with an average of 12,000 Euros.

However, according to the agreement WWB has arranged with the banks, they can only give credits to the women who can present the necessary collaterals.

In order to facilitate their access to credit, in 1999 WWB initiated the project GIVE WOMEN CREDIT. It consists in a series of seminars for women, teaching them bank negotiation strategies, highlighting difficulties for women with the help of trade union and bank representatives, and providing them with two booklets filled with technical terms used by banks.

SOLIDARITY CREDITS is a pilot project put on to demonstrate how women without collaterals can successfully pay back their loans. An example provided is a group of eight women, each with 6000 Euros and three years to pay it back with a 3% interest rate.

In 2001, the LOAN GUARANTEE FUND FOR MIGRANT WOMEN was created, with the idea that if Spanish women are having difficulties securing loans, it must be an even greater challenge for women immigrants. The Loan Guarantee Fund is financed by Foundation of a Savings Bank and used by WWB to guarantee small bank loans for immigrant women, enabling them to start-up their own businesses.

Starting in September 2002, WWB has been working on a completely new project called Micro-credits Without Collaterals. In this credit line there are 18 million Euros available in loans, dedicated to those who do normally do not have access to credits (for a lack of collaterals). Although it is not a program dedicated only to women, the majority have been women who are unemployed, immigrants, or over 45 years of age. This program is financed 60% by European Investment Fund, 20% by the ICO (the official Spanish credit institute) and 20% by Spanish Banks.

In order to apply for one of these micro-credits, one cannot go directly to the banks. They must first contact an Institution who provides assistance in this area and jointly elaborate a business plan and loan application. The WWB in Spain is one of these few Institutions that exists to aid in micro-credit consulting, and has currently signed an agreement with four different banks.

In these agreements, the credit sum can be for up to a maximum of 25,000 euros to be repaid in a maximum of three years with a 6% annual interest rate.

Many women are interested in this program, and since October 2002 WWB has received more than 600 telephone calls from women asking for application forms.

Of these solicitors, 72% have had their business plan approved and only 28% have been denied. This, in turn, has also led to further job creation, as 18% of the new business have created two new jobs, and another 18% three jobs. Half of these women have been immigrants, who normally start businesses in Spain which offer products or services from their home countries (such as food-shops, restaurants, hair saloons, etc). Among the Spanish women one will usually find businesses related to day-care, caring for the elderly, video clubs, bars, decoration services, etc. While 37% apply for the highest loan amount, 27% only solicit 12,000 euros.

WWB in Spain has been working since 1989 to facilitate access to credit for women. While we are highly satisfied with our credit lines, problems still exist with the banks, as they provide 20% of the guarantee and we have to work very hard with them to have credit approved. However, this is the first time that Spain has ever had an official, public credit line for persons without collaterals. So as we continue to stride ahead, we should remember to take pride in what we have so far accomplished. We know and have proven that women are reliable in repaying loans – so please, Give Women Credit.