

Ms. Teleki, Ms. Narayan, Ms. Fenton, Mr. Momen, and Mr. Daley,

I am delighted to open this panel that we had the privilege to organise and host with the support of our friends from the State Bank of India and the Global SME Finance Forum. My name is Peter Simon, the Managing Director of the World Savings and Retail Banking Institute. Today, we dive into the crucial role that women-led small and medium enterprises (MSMEs) play in shaping the health, growth, and socio-economic backbone of our societies. Yet, MSMEs frequently grapple with manifold obstacles.

Next year, the World Savings and Retail Banking Institute (WSBI) will celebrate its 100th anniversary. For a century, we've been at the forefront, representing the largest global network of socially-responsible banks. Throughout these years, our members have demonstrated an alternative approach to banking—one that prioritizes serving the societies where we operate over profit maximisation.

This ethos of service, particularly to the left behind, has been our steadfast commitment. But it's worth noting that our commitment doesn't mean we are NGOs or barely profitable entities. Among the over 6,400 institutions under our umbrella are global banking powerhouses like the State Bank of India, Deutscher Sparkassen- und Giroverband (DSGV) in Germany, Groupe BPCE-Natixis in France, Caixabank and Cecabank in Spain, the Independent Community Bankers of America in the US, Banco Estado in Chile, Zanaco, Lapo Microfinance – just to mention some of them. Collectively, they manage assets exceeding 13 trillion USD and offer financial services to a staggering 1.4 billion clients globally, with the vast majority of them being SMEs based in rural areas in the global south.

Today, I bring to the table this model and their success, a testament to our dual prowess: our success and profitability, coupled with our commitment to the underprivileged.

Yet, a century into our journey, we are asking ourselves: what does "serving the left behind" mean in today's context?

Our current interpretation encapsulates two main objectives: serving women universally and helping ourselves by helping our customers to address climate change.

I will direct our discussion today towards the nuances of serving women, especially those leading SMEs. These women face distinct challenges, challenges that we, as key players in the financial sector, really must address.

These hurdles range from accessing finance, navigating intricate regulations, to balancing climate goals with immediate concerns like high energy expenses, inflation, and fluctuating commodity markets. Such challenges are even more pronounced for women-led MSMEs, especially within financial systems dominated by banks.

While women-led SMEs (WMSMEs) represent approximately one-third of all MSMEs, they are disproportionately hindered by a slew of barriers—from gender-biased legal systems and societal norms to limited access to finance, which are trapping much women-owned/led enterprise in slower growing, lower productivity and less profitable sectors. This is

something our members have to respond to as much across Europe and the Americas as the Global South. Their significance notwithstanding, WSMEs remain underrepresented in the financial sector, comprising a mere 28% of its clientele.

The gap between financial need and availability is huge. Of the 8.9 trillion USD required for MSME finance, only 3.7 trillion USD is on offer, with WSMEs accounting for a stark 32% of this deficit. Barriers from both demand and supply sides exacerbate these disparities.

The Women Entrepreneurs Finance Initiative (WEFI) estimates a staggering \$5 trillion loss in global value due to this financial neglect. Our collaboration with the Mastercard Foundation, the WSBI's Scale2Save Partnership, similarly underscores the undervaluation, informality, and reduced job creation by female-owned enterprises. It also underscores the opportunity for providing more accessible funding to female entrepreneurs. It is no secret, and what our members see confirms it, that a big portion of low-income women invest their savings into their business. A significant dearth of finance options specifically for them often confines them to less lucrative sectors.

This isn't a challenge exclusive to developing countries. Studies by the OECD highlight that women entrepreneurs in advanced economies face strikingly comparable hurdles. However, the future holds promise. Digital financial services, tailored for women-led MSMEs, and universally recognized digital identities can revolutionize financial inclusion. Given the absence of gender-specific data, it's imperative for policymakers, the entire industry and the banking sector in particular for a better understanding of their female customers, to compile exhaustive gender-centric data and standardize definitions for women-driven businesses.

Banks are key to this transformative journey. This is why, I believe it is today imperative that the banking sector has to:

1. **Cultivate Gender Sensitivity:** Build meaningful relationships with women clients. And this is something our members are very well-positioned to do under the well-respected 2X Criteria on leadership, staffing and market focus to deliver this. As it emerged from our pilot data survey that we ran among the membership.
2. **Establish and Monitor Gender-focused Targets:** Amplify women's credit access and evaluate progress through global benchmarks.
3. **Offer Holistic Non-Financial Services:** Surround women with a spectrum of resources, from financial assistance to mentorship.
4. **Utilize Technology for Enhanced Services:** Modernize data management and enrich customer experiences with state-of-the-art platforms.
5. **Adopt Non-Traditional Collateral:** Facilitate women's access to credit by recognizing diverse collateral forms.

Together, we can drive a transformative shift towards financial equity and unleash the potential of women entrepreneurs across the globe. This call, together with the other advocacy points that are so dear to our members, is part of our G20 position paper that we are presenting today.

Thank you all very much! I wish great success to this panel and to the many initiatives Ms Teleki is carrying on. If anyone would like to know more about our journey to connect banks all over the world, please do not hesitate to reach out to me. I hope to see you all at our WSBI – SBI G20 reception that will take place – this very evening. It will be a great opportunity for you all to meet and network with fellow leaders in the sector and policy makers that have been involved with the G20 work.

Once again, thank you all very much. I wish a very fruitful discussion.