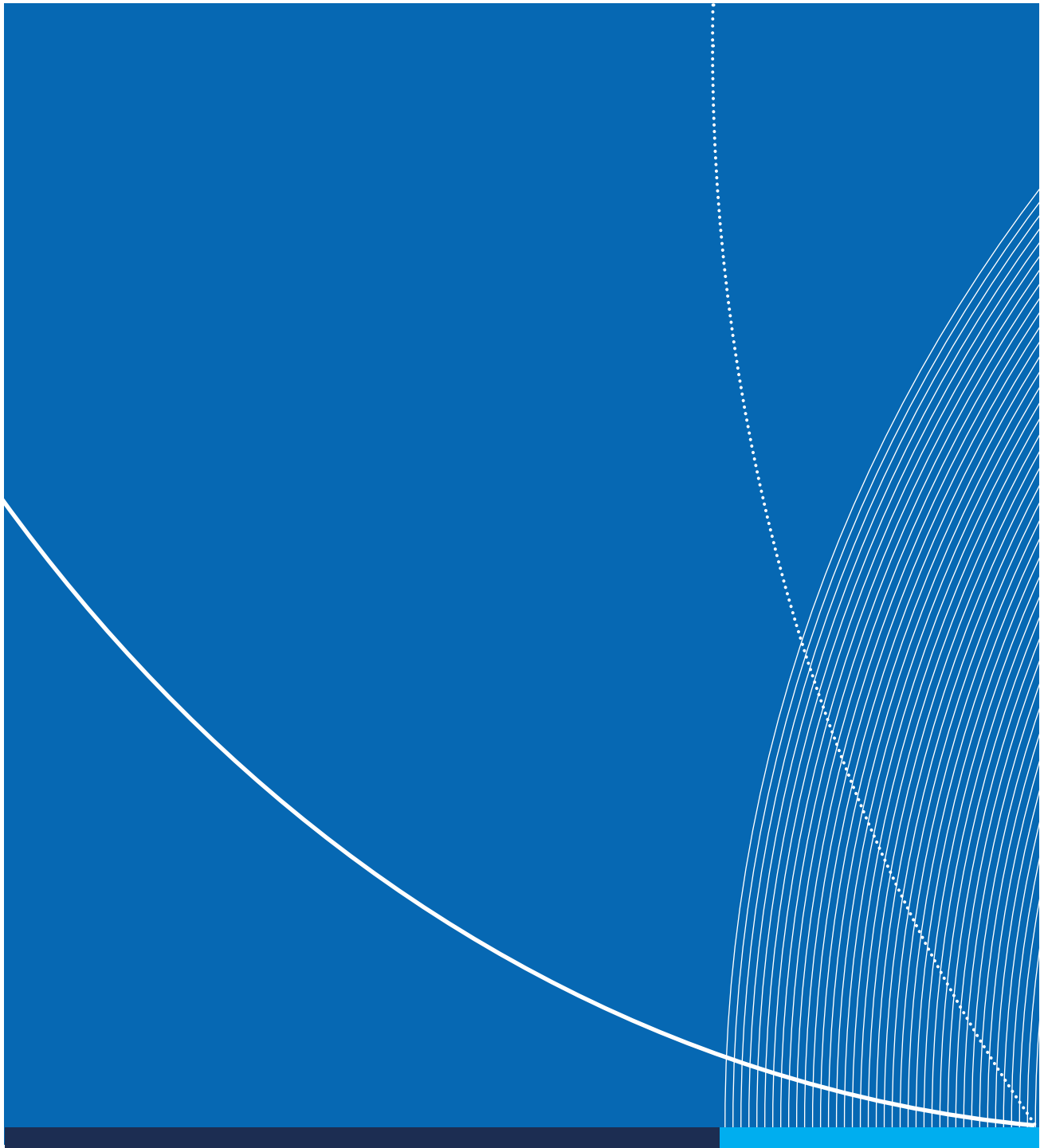




Women-owned enterprises in Vietnam: Perceptions and Potential





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Women-owned enterprises in Vietnam: Perceptions and Potential



Acknowledgements

This report was prepared under the direction of Rachel Freeman, IFC Asia Manager for Financial Institutions Group Advisory Services. The research team at the International Finance Corporation consisted of Joanna Romero, Neil Ramsden, Rubin Japhta, and Huong Mai Huynh. They would first like to recognize Enclude and Mekong Economics for their initial data research and compilation for this report. The team would also like to acknowledge peer reviewers Komal Mohindra, Amy Luinstra, and Hillary Johnson for their invaluable technical advice and comments. Additional thanks goes to Patrick Carpenter for report editing and design, and Diep Tran of Mekong Economics for the Vietnamese translation of this report and its related survey documents. Thanks must also go to Kyle F. Kelhofer, IFC Country Manager for Vietnam, Cambodia and Lao PDR for his review of the report.

The authors would also like to recognize the valued contributions from Goldman Sachs 10,000 Women, and the Umbrella Facility for Gender Equality (UFGE). 10,000 Women is a global initiative that provides women entrepreneurs with a business and management education, mentoring and networking, and access to capital. The UFGE is a World Bank Group multi-donor trust fund addressing key gaps between men and women in order to deliver development solutions that boost prosperity and increase opportunity for all. The UFGE has received generous contributions from Australia, Canada, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, and the United States.

Special mention must be made to the many individuals that contributed to the research and study through interviews and sharing of experience, including the entrepreneurs and bank representatives: your participation was greatly appreciated.

Vietnam 2017



Foreword

Small and medium enterprises are the lifeblood of the Vietnamese economy. The economic reforms that transformed Vietnam have also encouraged a generation of entrepreneurs to create their own opportunities on both the domestic and international markets. The result to date has been an increasingly competitive landscape with greater contributions from the private sector to both growth and employment. As positive as these developments are, there is room for improvement. As in other emerging markets, Vietnam has unmet demand for credit from its entrepreneurs. It therefore follows that there is ample opportunity for banks to take best advantage by expanding their products to the currently underserved.

This report strongly endorses the recognition of Vietnam's women entrepreneurs as one of the brightest opportunities within the SME sector. Women-owned SMEs are particularly interesting for their prospects of offering profitable returns without taking on undue risks. In the following pages, we highlight the potential demand for credit from the women-owned SME market and illustrate the prudent business case for tailoring bank services to women-owned SMEs. Our research and surveys show that Vietnam's Women business owners want to borrow more to invest in their companies and they typically record higher revenue per employee and lower default rates than their male counterparts.

Banks need to think differently and beyond traditional banking methods to leverage this potential growth. Offering alternatives to help women meet the collateral requirement in cases where immovable collateral is registered in a man's name is one way. Training staff and finding better delivery channels to meet the needs of time-poor women who typically have family and household responsibilities as well as running their business is another option. Banks that see the opportunity and can adopt a novel approach to provide financial and nonfinancial services to the underserved women-owned SME banking market can enjoy a potentially profitable low-risk business opportunity that also helps women-owned enterprises realize their potential.

Signed,

Vivek Pathak
IFC Director – East Asia and the Pacific



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Abbreviations

ASEAN	Association of Southeast Asian Nations
BDS	Business Development Services
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operational Officer
DFAT	Department of Foreign Affairs and Trade Australia
DFIs	Development Finance Institutions
EBRD	European Bank for Reconstruction and Development
GSO	General Statistics Office
HCMC	Ho Chi Minh City
IFC	International Finance Corporation
ILO	International Labour Organization
MOLISA	Ministry of Labor, Invalids and Social Affairs
MSMEs	Male-owned Small and Medium Enterprises
NPL	Non-performing loan
PCI	Provincial Competitive Index
SBV	State Bank of Vietnam
SMEFP	Small and Medium Enterprises Finance Program
SMEs	Small and Medium Enterprises
UNCDF	United Nations Capital Development Fund
VND	Vietnamese Dong
WEF	World Economic Forum
WSMEs	Women-owned Small and Medium Enterprises

Executive Summary

Small and medium enterprises (SMEs) are vital to Vietnam's economic growth, accounting for more than 98% of all business, 40% of GDP, and 50% of total employment¹. The number of SMEs grew by around 100,000 in 2016², encouraged in part by increased government efforts to facilitate new business. Recent surveys show most SME owners are optimistic about their future and expect to expand with the help of further policy reforms and greater access to capital. One key segment of this market, however, has yet to be fully recognized in its own right for its proficiency and potential.

Vietnam's women own 95,906 or about 21% of formal enterprises³. The majority (57% or 55,049) are microenterprises; 42% or 44,003 are SMEs (the focus of this study); and 1% or 854 are large enterprises⁴. Women-owned businesses are similar in size to those of men, with similar average annual revenues (the 2015 Enterprise Census showed average annual revenue of USD 548,000 for small women-owned enterprises against USD 543,000 for men, and USD 5.69 million for women- versus USD 5.76 million men-owned medium-sized enterprises). However, most banks have yet to consider adopting strategies that cater to women-owned SMEs. According to the findings of this survey, most banks either see no need for a different approach to women entrepreneurs, or view the segment as less profitable; indeed, some have suggested that women are less business savvy and require more support, and are therefore costlier customers to acquire and serve. Furthermore, in gathering information for this report, it was suggested that women entrepreneurs are risk-averse, that they typically do not own the family business they manage, and that they have lower financial management skills. In addition to these perceptions on business capacities, this study also found that social and traditional expectations can create biases against women as business owners. This is particularly evident with respect to younger women entrepreneurs.

It should be noted that Vietnam's investment climate for women is generally supportive. Vietnam boasts a long tradition of women involved in business, and compared to many similar economies, Vietnam has fewer differences between the legal statuses of men and women. However, while the common perception is that there are no differences between the challenges women and men face in running small businesses, the aforementioned biases – conscious or unconscious – directly impact women's ability to access formal financing and other desired services. In this study, 37% of women-owned SMEs have accessed bank loans in the past two years, compared to 47% of male business owners. Even when women entrepreneurs do qualify for a bank loan, they tend to receive less than what they asked for, and lower amounts than men. As it stands, the financing gap is estimated at USD 1.19 billion for women-owned SMEs.

This report reframes these and other perceived challenges of serving this segment as an opportunity for banks and other service providers to capture a growing market of savvy businesswomen who seek better services to grow their firms. Findings from the survey will serve to expose misconceptions facing women entrepreneurs, and will elucidate the opportunities for banks and related service providers. By recognizing the needs of business women and demonstrating a more nuanced approach to serving them, this report makes the case that championing rather than dismissing women's preferences can in fact make a big difference in terms of customer acquisition and sales volumes over time.

¹ Swiss Program for Research on Global Issues for Development, Employment and Quality of Employment in Vietnam: The Roles of Small Firms, Formalization and Education, R4D Working Paper 2015/8.

² General Statistics Office

³ Based on data from 2014 GSO Enterprise Census.

⁴ Following the IFC definition of enterprises, i.e., Microenterprises have revenues of less than USD 100,000 per annum; SMEs have annual revenues between USD 100,000 and USD 15 million; and large enterprises have annual revenues over USD 15 million.

The Study

This study used both quantitative and qualitative research methods. The quantitative research consisted of a demand and supply component, focused on businesses and banks respectively. The demand survey was executed through individual tablet-based interviews of 500 business owners or top managers⁵, consisting of 322 women-owned and 178 men-owned businesses. The supply survey was based on individual interviews with a selected group of bank representatives.

This study looks at the specific financial and non-financial needs and opportunities for women-owned SMEs in Vietnam. It quantifies the market opportunity for banks to target these SMEs with strategies that recognize the number of such businesses, annual revenues generated, number of employees, and contribution to the economy.

Misconceptions in the Market

The data gathered throughout the course of this study reveals a number of misconceptions currently affecting the profile and growth potential of women entrepreneurs and women-owned businesses. These misconceptions have been summarized and addressed as follows:

Myth 1: Women entrepreneurs are more risk averse than men in seeking finance

Our findings show that the level of risk-taking in seeking financing is very similar between female and male owners of small and medium businesses. About half of female and male business owners think that a good time to apply for a loan is when they have a business idea that might be successful and needs funding. A third of both female and male business owners prefer to apply for a bank loan when they already have good sales and know that there is demand for their products/services. While there is no difference in risk-taking levels when it comes to bank loans, studies show^{6,7}, that women approach risk differently than men because of their focus on long-term goals and greater awareness of risk. In other words, they tend to measure and analyze risk more meticulously, rather than simply following their intuition.

Myth 2: Women only focus on small businesses “on the side”

The average revenue of SMEs led by women and men is very similar, based on the GSO 2015 survey of over 181,000 firms. Women-owned small businesses have average annual revenues of USD 548,000, versus USD 543,000 for those led by men. For medium-sized businesses, women-led firms have average revenue of USD 5.69 million versus USD 5.76 million for those led by men. Taking revenue as proxy for size of business, women and men own businesses of very similar size. Women- and men-owned businesses have also very similar plans for the upcoming two years, focusing on increasing production (78% of women versus 77% of men) and introducing new products and services (12% of women and 10% of men).

Myth 3: Women with children do not have time to lead a business

Over 90% of those surveyed is married or has been married in the past. While family responsibilities are important and were indicated as a challenge by some, most of the women entrepreneurs interviewed are able to successfully juggle business and family responsibilities by extensively relying on family and external support. Limited time and family responsibilities are the least frequent challenges cited by women entrepreneurs. More and more women start and build their business while still single and build a team they can lean on later – in this survey, women

⁵ Chief Executive Officer or Managing Director, Chief Financial Officer, or Chief Operations Officer

⁶ Kathy Kristof, From Kiplinger's Personal Finance, April 2016. Available at: <https://www.circlewm.com/Kiplinger-TheSecretsofWomenInvestors.pdf>

⁷ Wells Fargo, Women and Investing, 2017. Available at: <https://www.o8.wellsfargomedia.com/assets/pdf/personal/investing/investment-institute/women-and-investing-ADA.pdf>

entrepreneurs in small businesses have an average of thirty employees. Evidence⁸ has also shown that motherhood has several benefits for business owners, such as the increased ability to work under pressure, negotiating more effectively (because the stakes are higher), and greater resilience to weather ups and downs.

Myth 4: Women have other priorities and are less likely than men to pay back loans

Another perception about women entrepreneurs is that, once they have a family of their own, they face so many other priorities that they might slip on repayment of their business loans. Survey findings show that this is not the case, with banks reporting lower non-performing loans among women entrepreneurs (one bank reported NPLs of 0.95% for women-owned SMEs versus 2.17% for men-owned SMEs) and women typically proving more conscientious borrowers than men.

Myth 5: Women only work in family businesses and most are owned by men

A widely-held perception in Vietnam is that women mostly work in family businesses and that while women might manage a business, it is usually owned by men. In this survey, out of the 322 women-led businesses, only 8% are owned by or with a family member of the top manager.

Myth 6: Women need more financial education than men

A common misperception is that women have lower financial management skills and need more financial education. This is a view commonly held among bank staff and even among some women entrepreneurs themselves. This survey however found that women and men believe they require the same level of support when it comes to financial management, and that the issue is more about women disliking the length and complexity of bank application forms and process. This corresponds to international experience⁹ of women being less satisfied with their banks and financial advisors on average than men, and having lower levels of self-confidence and more doubts about their financial acumen and ability to interpret financial jargon. Studies¹⁰ indicate that women tend to require more information before making a decision and want to make sure that they understand everything, while men are comfortable with less information. This makes women appear less knowledgeable, both to the bank staff they are dealing with and in their own perception.

A July 2017 report by Wells Fargo¹¹ found that in general women feel less confident in their ability to invest than men do, even though women often have more financial experience than they give themselves credit for having. In the case of Vietnam, this should be easily addressed, as gender differences in education are very small at all levels (over three quarters of women entrepreneurs surveyed in this study have a university degree), and particularly as women are heavily represented in finance. According to one respondent, "The CFO is a woman's job in Vietnam."

Myth 7: Women do not have time for learning and networking

Women are eager to improve their business skills and are willing and able make time for it. Women tend to seek advice from women they are not related to more than from male non-relatives. They are interested in practical capacity building programs to sharpen their business skills (branding, marketing, and managing staff above all) and are willing to pay up to USD130 a month for high-quality courses. Several networking and support platforms for women-owned enterprises are active and popular in Ho Chi Minh City and Hanoi.

8 <https://www.fastcompany.com/3028299/5-reasons-moms-make-great-entrepreneurs> ; <https://www.entrepreneur.com/article/245782> ; <https://www.forbes.com/sites/elanagross/2017/05/14/rosie-pope-on-entrepreneurship-motherhood-and-confidence/#340de65610e1>

9 Sylvia Ann Hewitt, *Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth*, 2014. Available at http://www.talentinnovation.org/_private/assets/HarnessingThePowerOfThePurse_Infographic-CTI.pdf

10 Wells Fargo, *Women and Investing*, 2017. Available at <https://www.wellsfargomedia.com/assets/pdf/personal/investing/investment-institute/women-and-investing-ADA.pdf>

11 Ibid

The Report

Following an overview of Vietnam's SME sector and terminology, chapters 2 and 3 cover the enabling environment for SMEs in Vietnam. Chapter 4 highlights characteristics of women-owned enterprises, their management needs, growth strategies, and access to bank services. Chapter 5 focuses on local banks' strategies (or lack thereof) in serving women-owned SMEs, and assesses potential market opportunities. Chapters 6 and 7 conclude the report with recommendations for the women entrepreneurship ecosystem to address the demand from women-owned SMEs for better banking services.

Recommendations

To capitalize on the women-owned SME segment and better leverage this opportunity while also fully recognizing their contribution to Vietnam's economy, the report recommends the following:

1. Recognize women-owned SMEs as a separate and strategic customer segment. It is recommended that banks recognize women-owned SMEs as a distinct segment, with uniquely tailored products and services. Women entrepreneurs have less access to bank loans and even those that do appear to receive less financing than they need. This presents a large business opportunity for banks, which are currently under-serving this market.
2. Invest in training bank staff on the gender dimension of banking. Women are less satisfied with bank services than men, and while banks perceive women to be less financially savvy, this report has identified signs of lower levels of self-confidence among women, which can make them appear less knowledgeable. This is in line with international experience¹². Gender sensitization training for bank staff is key to better understanding gender dimensions in banking (i.e., gender differences in needs, preferences, and financial behavior), and countering any biases impacting service delivery.
3. Strengthen non-financial services for women-owned SMEs. Banks could improve products and services to women-owned SMEs by supporting platforms that provide relevant non-financial services (i.e., business development services offered by banks) to businesswomen, thereby addressing their lack of access to financing, information, skills and new markets.
4. Track gender-disaggregated data on SME performance. Banks would benefit from collecting sufficient gender-disaggregated performance data on their SME clients (e.g., repayment rates, organizational changes, revenue and employment growth, expansion to new markets) by being able to build a better risk profile for their SME customers and match supply accordingly.
5. Raise awareness of the opportunities for banks to better serve women-owned SMEs. There is an opportunity for Development Finance Institutions to improve data collection and dissemination on women-owned SMEs. Dissemination of this survey's findings and related data is essential for understanding the opportunities and needs of women-owned enterprises, and designing informed, tailored strategies.

¹² Sylvia Ann Hewitt, *Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth*, 2014. Available at http://www.talentinnovation.org/_private/assets/HarnessingThePowerOfThePurse_Infographic-CTI.pdf



Overview

Women-owned enterprises in Vietnam

95,906 enterprises in Vietnam
are **owned by women***,
of which **52%** are microenterprises
and **42%** are SMEs**.

75% of WSMEs are in the Southeast
and Red River deltas:
42% of women owned enterprise
staff are women.

55% operate in retail and
wholesale trade;
15% are in manufacturing.

Profile of surveyed women SME owners

Average age: **40** (versus 54 for men)

94% are running their first business,
with an average of **34** employees.

55% reported annual revenue growth **>20%**
over the past two years.

80% project growth **>20%** over the next two years.

Note: Information on this page was sourced from the General Statistics Office of Vietnam and the study survey.

A stylized map of Italy is shown on the left side of the page. It is white with a black outline, set against a light blue background representing the sea. A thin gold line runs diagonally across the map. In the bottom right corner of the map area, there is a scale bar with '150 km' and '100 mi' markings, and a vertical text credit '@ d-maps.com'.

Perceptions of surveyed women SME owners regarding financial services

- They are more sensitive to good customer service than men.
- **60%** prefer to have one relationship manager for both business and personal banking.
- **37%** use online and mobile banking (versus **32%** for men).
- **67%** have taken a business loan mainly for working capital; **54%** from a bank.
- They are twice as likely as men to use a credit card for business financing.
- **33%** of their business loan applications are rejected due to insufficient collateral.
- The gender difference in average loans outstanding is marginal (USD 190,000 for women versus USD 192,000 for men).

* The definition of gender of enterprise is from the General Statistics Office which uses the gender of the top manager as a proxy (i.e., enterprises managed by a woman are considered to be women-owned).

**Based on the IFC MSME definition and SME has annual revenues between USD 100,000 and USD 15 million; a microenterprise has annual revenues of less than USD 100,000.

1. Introduction

The objectives of this study were to:

1. Determine financing needs of women-owned enterprises and the current shortfall in financing offered by banks.
2. Support banks in gaining a better understanding of women-owned enterprise profiles (number of such businesses, annual revenues generated, number of employees, challenges and aspirations, and contribution to the economy, etc.) in order to develop focused financial services strategies.
3. Identify the non-financial needs of women SME owners in starting, running, and growing their business.

Terminology

The definition and categorization of small and medium-sized enterprises varies throughout the financial sector and relevant government agencies. To avoid confusion, this study defines small and medium-sized businesses by the volume of annual sales turnover based on IFC's definition, as outlined in Table 1. This is the definition used throughout this report.

Table 1: IFC definition of SME

	Micro Enterprise	Small Enterprise	Medium Enterprise
Employees	Less than 10	10-49 employees	50-300 employees
US Dollars			
Assets	Less than USD 100,000	USD 100,000 - 3 million	USD 3 – 15 million
Annual Sales	Less than USD 100,000	USD 100,000 - 3 million	USD 3 – 15 million
Vietnamese Dong			
Assets	Less than VND 2 billion	VND 2 - 68 billion	VND 68 - 340 billion
Annual Sales	Less than VND 2 billion	VND 2 - 68 billion	VND 68 - 340 billion

SOURCE: International Finance Corporation, *The SME Banking Knowledge Guide*, IFC: Washington, D.C.
Oanda exchange rate: 1 USD = 22,512 VND.

The Government uses a different definition of SME, based on the number of employees and the total value of the enterprise's capital. This definition also divides SMEs into three main economic sectors, as per Decree 56/2009/ND-CP (see Table 2). The new SME Law, effective January 2018, defines SMEs as micro, small and medium-sized enterprises which have the average number of employees contributing social insurance of no more than 200 and meet one of the following two criteria: 1. Total capital shall not exceed VND 100 billion (around USD 4.4 million); 2. Total revenue of the preceding year shall not exceed VND 300 billion (around USD 13.2 million).

Table 2: Government of Vietnam's definition of SME

	Micro enterprise	Small enterprise		Medium enterprise	
	Employees	Total capital	Employees	Total capital	Employees
Agriculture, forestry and fishery	10 or less	VND 20 billion or less	10-200	VND 20-100 billion	200-300
Industry and construction	10 or less	VND 20 billion or less	20-200	VND 20-100 billion	200-300
Trade and service	10 or less	VND 10 billion or less	20-50	VND 10-50 billion	50-100

SOURCE: Ministry of Planning and Investment Agency for Enterprise Development White Paper on Small and Medium-Sized Enterprises in Vietnam, 2014

There is no official definition of women-owned SMEs¹³ in Vietnam. The General Statistics Office of Vietnam uses the gender of the top manager as a proxy (i.e., enterprises managed by a woman are considered to be women-owned). There is a strong correlation between a female top manager and majority female ownership. According to the World Bank Group Enterprise Surveys 2015, there is 79% correlation between having a female top manager and majority female ownership; this study found 92% correlation.

This study acknowledges that there are multiple sources and estimates for the number of SMEs in Vietnam. The scope of this study, however, covers only formal or registered enterprises as reported by the General Statistics Office. It also does not include household businesses which are typically treated as individual customers by banks¹⁴.

Methodology

This study used both quantitative and qualitative research methods. The quantitative research consisted of demand and supply components for businesses and banks, respectively. The supply component was based on individual interviews with a selected group of commercial and state-owned bank representatives. The demand survey was executed through individual tablet-based interviews of 500 SME business owners or top managers¹⁵ of 322 women-owned and 178 men-owned businesses. The sample of 500 was built from the total universe of SMEs nationwide as provided by the 2015 GSO Enterprise Census, using a semi-random sampling method and based on annual revenues as defined in Table 1. The sample was further screened using IFC’s definition of women-owned enterprises¹⁶.

Table 3: Women- and men-owned SMEs interviewed

	Female	Male	Total
Ha Noi	124	68	192
Ho Chi Minh City	107	47	154
Da Nang	43	31	74
Long An	22	14	36
Lam Dong	10	3	13
Phu Tho	16	15	31
GRAND TOTAL	322	178	500

The survey covered a sample that is geographically representative of all three regions of Vietnam (North, South, and Central). The number of businesses selected for interview in each region and in each of the three main sectors (industry, services, and agriculture) was proportionate to the share of all SMEs in each region or sector. In Vietnam, 52.9% of SMEs are in services; 45.6% in manufacturing; and 1.5% in agriculture, forestry, and fishery. This proportion was therefore maintained in building the sample. Within each region, priority was given to those provinces with the highest concentration of SMEs (see Table 3). Data collection was conducted between February and May 2017.

In addition to the survey, this study includes the findings of eight focus group discussions (three in Hanoi, two in Hai Duong, and one each in Da Nang, An Giang, and Can Tho) and six in-depth interviews in Ho Chi Minh City. In February 2017, interviews with various stakeholders, such as commercial banks, women’s business associations and networks, were conducted in Ho Chi Minh City and Hanoi. A full description of the methodology is available in Annex II: Survey Methodology.

¹³ Women-owned Small and Medium-sized Enterprises in Viet Nam: Situation Analysis and Policy Recommendations, HAWASME, Mekong Business Initiative, 2016.
¹⁴ <http://www.economica.vn/Portals/o/Documents/fd921a86edc2a4407dcoad2543doeg2d.pdf>. Non-farm Household Businesses contributed around 30% of the total GDP for Vietnam in 2011, their average number of employees is 1.8.
¹⁵ Chief Executive Officer or Managing Director, Chief Financial Officer, or Chief Operations Officer.
¹⁶ IFC’s definition of women-owned enterprise i.e., at least 51% owned by a woman or women; or a business where at least 20% is owned by women with one or more women in a top management role (CEO/COO), and at least 30% of the board of directors being female (where a board exists)

2. Enabling Environment

This chapter reviews legislation relevant to SMEs to determine whether the law differentiates between men and women-owned enterprises. It discusses barriers to doing business, as identified in the survey of business owners, including any social or cultural constraints that may impact women entrepreneurs.

Recent SME policy support

2009
Decree 56

In 2009, the Government established Decree 56/2009/ ND-CP, which defined SMEs and put forward a high-level strategy to support the growth of the SME sector, including possible credit guarantee schemes, training, and capital development funds. The design of interventions and their implementation was left to individual agencies, to be coordinated by the Ministry of Planning and Investment, the Ministry of Finance and the State Bank of Vietnam.

The Decree indicated that women-owned SMEs are eligible for development support but did not specify the kinds of support and eligibility criteria¹⁷. (It should be noted that apart from a general statement prioritizing programs to support women-owned SMEs and those employing a large number of female laborers, this survey was not able to obtain guiding documents identifying specific areas of support, priority policies, implementation process, responsible agencies, or funding sources. Thus, this survey concludes that this policy has yet to be implemented.) A recent study¹⁸ suggested that reasons for the delayed implementation may include lack of an official government definition for women-owned SMEs, as well as reluctance of responsible agencies to treat women entrepreneurs any differently than their male counterparts.

2009
Credit
Guarantee
Fund

Also in 2009, the Vietnam Development Bank (VDB) set up a credit guarantee fund to incentivize banks to lend to SMEs. The fund guarantees a maximum of 85% of the loan volume. In addition, over 20 credit guarantee funds were set up at the provincial level in 2014. No data was available on banks' actual uptake of such funds over the years, and thus it was not possible to estimate their impact on SMEs' current access to bank financing. However, it was reported that the Ho Chi Minh City fund is one of the more active provincial funds, while many others have not been operating effectively¹⁹.

2013
Decision
No.844

In 2013, the Ministry of Science and Technology launched the "Vietnam Silicon Valley" initiative to support the growth of tech startups. Government-issued Decision No. 844/QD-TTg (May 18, 2016) outlined a scheme to support the ecosystem for innovation and startups at the national level through 2025 and declared 2016 the Year of the Startup. Various support events were organized for the startup community in 2016, such as Techfest 2016, ISUM 2016, HATCH!FAIR 2016.

2016-2020
Five -Year
Development
Plan

The Five-Year SME Development Plan (2016-2020) includes specific targets for the development of the SME sector. Other documents include Decision No. 601/QD-TTg (April 17, 2013) establishing the SME Development Fund to support SMEs having feasible business plans/projects in prioritized sectors; and Circular 04/2014/TTLT-BKH-BTC (August 13, 2014) on training support for SMEs.

¹⁷ Decree No.56/2009/ND-CP

¹⁸ ADB, Women-owned Small and Medium-sized Enterprises in Vietnam: Situation Analysis and Policy Recommendations, 2016

¹⁹ SwitchAsia, Enabling SME access to finance for sustainable consumption and production in Asia An overview of finance trends and barriers in Vietnam, March 2016

2018
SME
Law

A new SME law, approved in June 2017 and effective from January 1, 2018, has introduced a slightly different definition of SMEs. According to the new Law, SMEs are micro, small and medium-sized enterprises which have the average number of employees contributing social insurance of no more than 200 and meet one of the following two criteria:

- 1. Total capital shall not exceed VND 100 billion (around USD 4.4 million);
- 2. Total revenue of the preceding year shall not exceed VND 300 billion (around USD 13.2 million).

The new SME Law contains more concrete measures to support the sector, including incentives for commercial banks that offer preferential interest rates to SMEs or that allocate at least 30% of their loan portfolio to SMEs. It also foresees tax incentives for startups, defined as enterprises operating for fewer than five years.

2016
HCMC
Tech
Start-up
Fund

In addition, Ho Chi Minh City launched a USD 45 million fund in late 2016 to support tech start-ups in the city. HCMC aims to support 2,000 startup projects in the next five years and has received funding requests from 200 projects as of December 2016. It is open to enterprises from a wide range of sectors – mechanics, electronics, chemicals, food production, finance, banking, insurance, commerce, transport, tourism, logistics, post and communication, real estate, healthcare, education and technology. Each project will receive a maximum VND 2 billion (USD 90,000).

Doing Business in Vietnam

Vietnam ranks 82nd out of 190 countries in the 2016 Doing Business Report by the World Bank (see Figure 1).

It is performing well in comparison to other countries of similar income levels in ASEAN – such as Indonesia, Laos, Cambodia, and the Philippines, but trailing behind more advanced economies like Thailand and Malaysia.

Starting a business, paying taxes, and resolving insolvency are areas where Vietnam scores the lowest, at 121st, 167th, and 125th, respectively, out of 190.

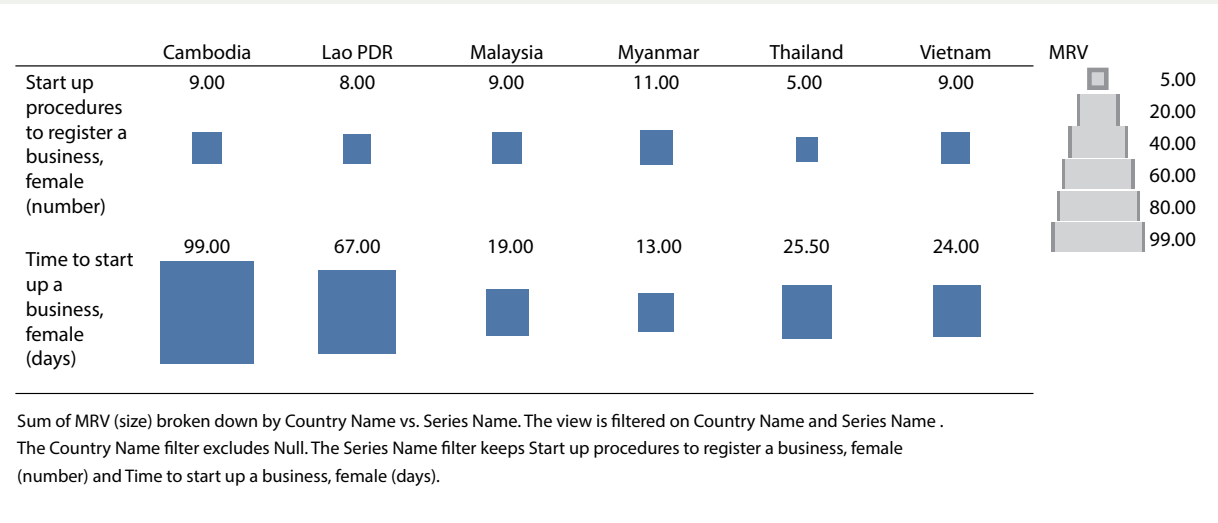
Like most ASEAN countries, starting a business in Vietnam remains complex and costly. While some licensing procedures have recently been streamlined, it still takes an average of 24 days to start a business*, leaving Vietnam 111th out of 190 countries on this score. Figure 2 shows the number of procedures and time required to register a business for female business owners in Vietnam, as compared to five other Southeast Asian countries. The report did not show a difference in Vietnam between female and male business owners on these two indicators.

Figure 1: Doing Business data



*Doing Business measures the paid-in minimum capital requirement, number of procedures, time and cost for a small-to medium-sized limited liability company to start up and formally operate in an economy's largest business city.

Figure 2: Ease of starting a business



Vietnam’s lowest score, 167th out of 190 countries, is in the Paying Taxes category. Business tax administration requires 31 annual payments and is estimated to require about 540 hours of labor per year – the equivalent of 67.5 eight-hour workdays. This is one of the biggest constraints identified by businesses in the 2015 World Bank

Enterprise Survey, particularly by those owned by women. This survey of 500 small and medium-sized businesses confirmed that taxes are seen as a major burden by both male and female entrepreneurs, and that underreporting revenues and profit to limit tax payments is common practice.

SOURCE: Figures 1 and 2: Doing Business, 2016

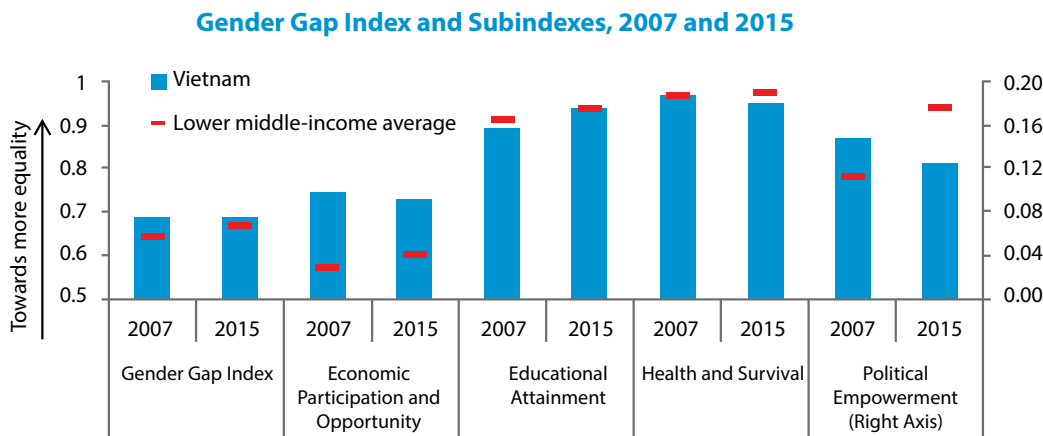


3. Women in the Economy

This chapter begins the analysis of the contributions of women to the economy and the constraints and biases they encounter, as well as the legal protection and other government-sourced support for their work rights and freedoms.

Vietnam fares well on gender equality in comparison to other countries at the same level of development, particularly when it comes to economic participation and opportunity. Restrictions based on gender do exist and there are glass ceilings, but not to the degree found in neighboring countries; Vietnam ranks 65th in the Global Gender Gap index (July 2016), while Cambodia ranks 112th and Thailand 71st (World Economic Forum Global Gender Gap Report, 2016²⁰). The share of women in the labor force is high at 73%, and there has been a remarkable improvement in the female-to-male income ratio for formal employment, which rose from 70% in 2007 to 83% in 2015. Furthermore, women hold approximately 30% of senior management positions and nearly 14% of board seats²¹. Three Vietnamese women, Ms. Cao Thi Ngoc Dung of Phu Nhuan Jewelry (PNJ), Ms. Nguyen Thi Phuong Thao of Sovico Holding (owner of HD Bank and VietJet Air), and Ms. Thai Huong of TH Group - appeared in Forbes' 2016 list of Most Powerful Business Women in Asia.

Figure 3: Gender index



SOURCE: IMF Country Report No. 16/240

According to World Bank 2013 data, about 71% of working women in Vietnam are self-employed (versus 60% of men)²². Agriculture and services are the sectors which employ the largest number of women. In recent decades, there has been a significant feminization of agriculture, especially in the north, and women are responsible for most of the work in many agricultural value chains²³. However, this refers mostly to women employed as unpaid labor on family farms and running micro businesses rather than proprietors of small or medium-sized businesses. A recent IFC study found that women represent about 50% of coffee workers in Lam Dong and play a key role in coffee cultivation, processing and marketing, but they are often excluded from training and other development opportunities and therefore tend to be concentrated in the lower nodes of the value chain²⁴.

20 http://www3.weforum.org/docs/GGGR16/WEF_Global_Gender_Gap_Report_2016.pdf

21 Grant Thornton, 2015; CDWI, 2015

22 Self-employed workers are those workers who, working on their own account or with one or a few partners or in cooperative, hold the type of jobs defined as a "self-employment jobs." i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced. Self-employed workers include four sub-categories of employers, own-account workers, members of producers' cooperatives, and contributing family workers.

23 DFAT, Gender-Responsive Equitable Agriculture and Tourism (GREAT), Investment Design Document – Final, 26 August 2016

24 http://www.ifc.org/wps/wcm/connect/4f28000046532f27a920b99916182e35/StoriesOfImpact2014_EcomVietnam.pdf?MOD=AJPERES

Vietnam’s labor market still has areas of gender-segregation, with women heavily represented in “feminine jobs”, such as marketing, office and support work, human resources, and accounting. Job posts often indicate a preferred gender and the existence of glass ceilings; a 2015 ILO study found that up to 83% of management job postings with gender preference required male applicants²⁵. In line with these findings, a recent survey²⁶ found that 39% of women surveyed in Vietnam felt they were inadequately represented in business leadership positions. The top reasons cited were family pressures and commitments outside of work. Social norms place most responsibility for household and childcare tasks on women, which could affect their involvement in the workplace and decision-making forums.

Vietnam is among the countries with the lowest number of legal differences between men and women, as documented by the World Bank’s Women, Business, and the Law database. Those that remain are mostly restrictions on women’s employment, which relate to sectors and occupations where women may not work as well as the scope of their work and their working hours. Some jobs are restricted for all women, some for pregnant women or for women who are nursing children younger than 12 months old. For example, women may not work on oil rigs at sea (except to provide medical or social services), drive heavy construction machines, or drive trains unless automatically operated²⁷. While these provisions might have originally been put in place to “protect” women in male-dominated industries, such as mining and construction, they may today have real implications on women’s earning potential and confine women to lower-paid sectors. For a full list of provisions that restrict women’s employment, please see Table 4.

Table 4: Job restrictions for women

Question	Answer	Source
Can women work the same night hours as men?	Yes	No restrictions could be located
Can women work in jobs deemed morally or socially inappropriate in the same way as men?	Yes	No restrictions could be located
Can women work in factories in the same way as men?	Yes	No restrictions could be located
Can women do the same jobs as men?	No	Labor Code, Art. 16o Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1, Art. 22
Can women work in jobs deemed hazardous in the same way as men?	No	Labor Code, Art. 16o
Can women work in jobs deemed arduous in the same way as men?	No	Joint Circular No. 40-2011-BLĐTBXH-BYT, Art. 2
Can women work in mining in the same way as men?	No	Labor Code, Art. 16o(3)
Can women work in the same occupations as men?	No	Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1
Can women work in metalworking in the same way as men?	No	Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1
Can women engage in jobs requiring lifting weights above thresholds in the same way as men?	No	Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1
Can women do the same job-related tasks as men?	No	Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1

25 http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_349666.pdf
26 Robert Walters, Empowering Women in the Workplace, 2016
27 Labor Code, Art. 16o Joint Circular No. 40-2011-BLĐTBXH-BYT, Appendix 1, Art. 22
<http://luatkhaiphong.com/Van-ban-Tieng-Anh/Joint-Circular-No.-40/2011/TTLT-BLDTBXH-BYT-dated-December-28-2011-6577.html>

Gender wage gaps, though improving, remain a serious issue²⁸. Overall, women are more likely to be in vulnerable jobs²⁹ than men, and despite the progress in formal employment, women's wages are estimated to be as low as 50% of men's wages in the informal sector³⁰. Women also tend to have less access to and ownership of property. For example, land certificates were more often registered in the name of male heads of households when first issued in 1993. While successive revisions of the Land Law tried to correct gender inequalities by requiring the name of both spouses on land certificates, often changes were never made to certificates due to lack of information³¹. Compounding this issue is the lower level of legal knowledge among women than among men, with women less aware of their rights and how to enforce them³².

Constraints on women's participation in the economy seem to be higher for ethnic minority groups, particularly in rural areas, where a more traditional division of labor persists and disadvantages women. Specifically, women in these groups and areas experience lower access to productive resources, lower access to health, education, and agricultural extension services, and lower likelihood of engaging in community leadership and decision-making. More attention has been paid lately to the disparity in access to economic opportunities along ethnic lines, with leading international agencies, such as Australia's Department for Foreign Affairs and Trade (DFAT) and the World Bank, promoting a better understanding of the specific needs of women in ethnic minorities.

The Government has recognized the vital role of gender equality in national socio-economic strategies and has made significant efforts to promote gender equality. Gender aspects have been incorporated into national socio-economic development plans since 2006. Key laws designed to address gender equity include the Law of Gender Equality (2006) and the Law on Prevention and Control of Domestic Violence (2007). However, implementation has suffered due to both limited budgets and capacity of government officials to translate policies into practical initiatives³³.



28 ADB, Vietnam Country Partnership Strategy (2016-2020)

29 Vulnerable employment is unpaid family workers and own-account workers as a percentage of total employment.

30 DFAT, Gender-Responsive Equitable Agriculture and Tourism (GREAT), Investment Design Document – Final, 26 August 2016

31 USAID, 2014 <https://www.land-links.org/project/land-access-for-women-vietnam/>

32 VLA & UNDP (2016). 2015 Justice Index: Towards a justice system for the people

33 DFAT, Gender-Responsive Equitable Agriculture and Tourism (GREAT), Investment Design Document – Final, 26 August 2016

Table 5: Gender issues in Laws and National Programs

Law	Overview on gender issues
Law on Gender Equality 2006	The Law on Gender Equality guarantees equal rights to women in all fields, and calls for strategies to address gender-related issues. It also stipulates the necessity to abolish customs impeding gender equality as well as requiring gender mainstreaming in all areas. To oversee the Law's implementation, the Gender Equality Department in the Ministry of Labor - Invalids and Social Affairs (MOLISA) was established.
Law on Domestic Violence Prevention and Control 2007	Enforced since 2008, this Law is the main framework for state strategies to address the issue of domestic violence. The law provides a broad definition of domestic violence, including all acts causing physical, mental or financial damage. The Law also points out the duties of the state, individuals, families, organizations and institutions for preventing and controlling domestic violence and supporting its victims.
Labor Law 2012	The Labor Law addresses gender issues in almost every labor-related aspect. It contains a separate section, which aims to ensure and protect women's equal rights to employment with regard to recruitment, compensation, and maternal health rights. There are also provisions on firms' obligations towards female workers.
Law on Marriage and Family 2014	This Law prescribes the marriage and family regime; legal standards for conduct by family members; and the responsibilities of individuals, organizations, the state and society in the building and consolidation of the marriage and family regime. The Law reinforces equal rights and obligations of husband and wife in all family affairs and in the performance of citizens' rights and obligations. In addition, it ensures women's rights concerning property relations and recognizes housework and other work to maintain cohabitation as income generating during settlement of such relations.
Law on Anti-Human Trafficking 2012	The Law provides for the prevention, detection and handling of human trafficking and other acts in violation of human trafficking prevention and combat, as well as support services for victims of human trafficking. It highlights the necessity of advocacy and education (particularly at the community level) targeted at women, as well as the important role of the Women's Union in the prevention and elimination of human trafficking.
National Strategy on Gender Equality 2011-2020	<p>Decision 2351/QĐ-TTg established a National Strategy on Gender Equality for the 2011-2020 period. By 2020, substantive equality between men and women shall be achieved with respect to opportunity, participation and benefits in the political, economic, cultural and social domains, thereby contributing to fast and sustainable national development.</p> <p>The Strategy sets out seven objectives with target indicators and a list of activities to address remaining gender equality challenges. To support the achievements of the Strategy objectives, a National Program on Gender Equality 2011-2015 was introduced under Decision 1241/QĐ-TTg,* with five projects to be implemented nationwide. For the 2016-2020 period, recent Decision 1696/QĐ-TTg** was signed at the end of 2015 to approve the National Action Plan on Gender Equality 2016-2020, designed to reduce gender inequality and promote women's roles.</p>

* Quyết định 1241/QĐ-TTg phê duyệt Chương trình quốc gia bình đẳng giới

** Quyết định 1696/QĐ-TTg phê duyệt Chương trình hành động quốc gia về bình đẳng giới 2016-2020

4. Market Potential

This chapter attempts to quantify market opportunities for banks in the women-owned SME segment. Survey findings on numbers, characteristics, and financial needs of women-owned enterprises are discussed and compared with men-owned businesses.

Characteristics of women-owned small businesses in Vietnam

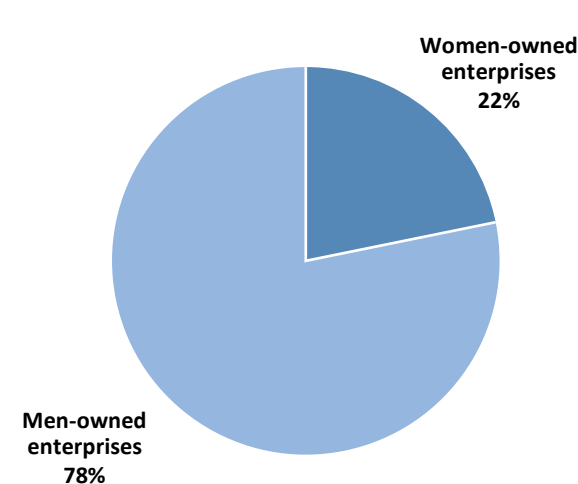
Women own 95,906 firms, representing over 21% of the total number of formal or registered enterprises in Vietnam³⁴. The majority of women-owned firms (57% or 55,049) are microenterprises, with revenues of less than USD 100,000 per annum; 42% or 44,003 are SMEs (annual revenues between USD 100,000 and USD15 million³⁵); and 1% or 854 are large enterprises, with annual revenues over USD 15 million. By comparison, men own a slightly higher percentage of microbusinesses and a lower percentage of small enterprises than women (see Figures 5 and 6). This data is based on Vietnam’s General Statistics Office annual enterprise surveys segmented using IFC’s definition of SMEs. As noted in Chapter 1, the GSO uses the gender of the top manager as a proxy for the gender of the owner.

Table 6: Number of formally-registered firms by size and gender

	Women-owned	Men-Owned	Total
Micro	55,049	210,543	265,592
Small	36139	126951	163090
Medium	3864	14545	18409
Large	854	5022	5876
TOTAL Enterprises	95,906	357,061	452,967
SMEs	40,003	141,496	181,499

SOURCE: General Statistics Office, 2015

Figure 4: Percentage of MSMEs by gender of owner



SOURCE: General Statistics Office, 2015

³⁴ Women own 21% of microenterprises, 22% of small businesses, 21% of medium-sized businesses, and 14.5% of large enterprises

³⁵ Following IFC's definition of SMEs

Figure 5: Percentage of women-owned enterprises by size

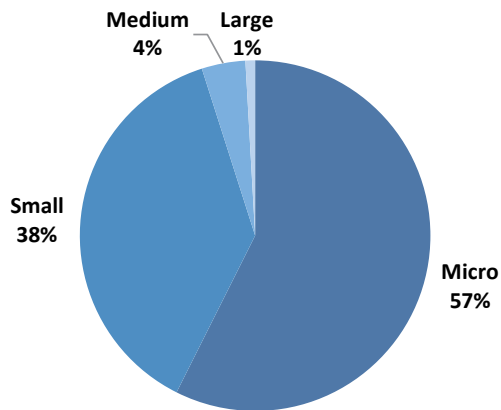
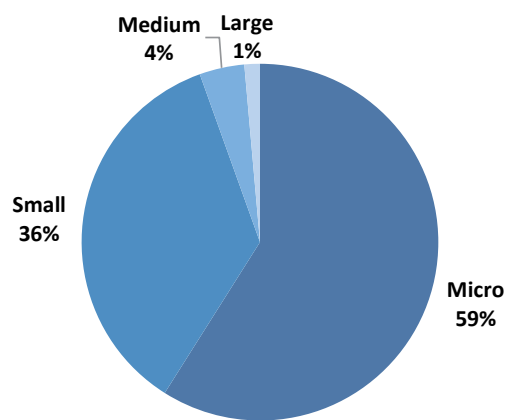


Figure 6: Percentage of men-owned enterprises by size



SOURCE: General Statistics Office, 2015

Demographic

The average enterprise in this survey has been in operation for ten years, and it was the first business for 94% of women and for 87% of men. Both men and women tend to maintain ownership of their previous businesses, with a slightly higher percentage of men having closed or sold the previous business (13% for men, 7% for women). While there are no major differences in the level of education and number of years in business between men and women entrepreneurs, men owners tend to be older and more likely to be repeat entrepreneurs and therefore arguably more experienced.

Sector Focus

More than 50% of Vietnam’s women-owned SMEs operate in retail and wholesale trade (55%), followed by manufacturing (15%); construction (7%); and transportation and storage (7%). By comparison, just over 40% of men-owned SMEs operate in trade; 20% in manufacturing, and 16% in construction (Table 7). While the labor market is gender-segregated with restrictions affecting women’s participation in “male sectors”, this data shows that women entrepreneurs have begun to take part in traditionally male sectors such as construction and transportation.

Table 7: Numbers of enterprises by sector and gender

Sector	Women-owned			Men-owned		
	Small	Medium	%	Small	Medium	%
Agriculture, fishing and aquaculture	292	6	1	1,844	124	1
Mining and quarrying	154	9	0	1,054	91	1
Manufacturing	5,231	774	15	22,385	4,407	19
Electricity, gas, steam and air conditioning supply	92	3	0	564	70	0
Water supply; sewerage, waste management and remediation activities	66	8	0	434	122	0
Construction	2,851	176	8	21,269	1,754	16
Wholesale & retail trade; repair of motor vehicles & motorcycles	19,329	2,443	54	52,308	6,077	41
Transportation and storage	2,615	165	7	9,329	708	7
Accommodation and food service activities	1,285	41	3	2,735	137	2
Information and communication	372	26	1	1,648	137	1
Financial, banking and insurance activities	302	8	1	960	82	1
Real estate activities	532	58	1	1,521	305	1
Professional, scientific and technical activities	1,439	62	4	6,510	242	5
Administrative and support service activities	1,020	46	3	3,068	152	2
Education and training	267	16	1	544	21	0
Human health and social work activities	115	12	0	283	40	0
Arts, entertainment and recreation	85	11	0	229	61	0
Other service activities	92	0	0	266	15	0
TOTAL	36,139	3,864	100	126,951	14,545	100

SOURCE: General Statistics Office, 2015 (% refers to % of total column)

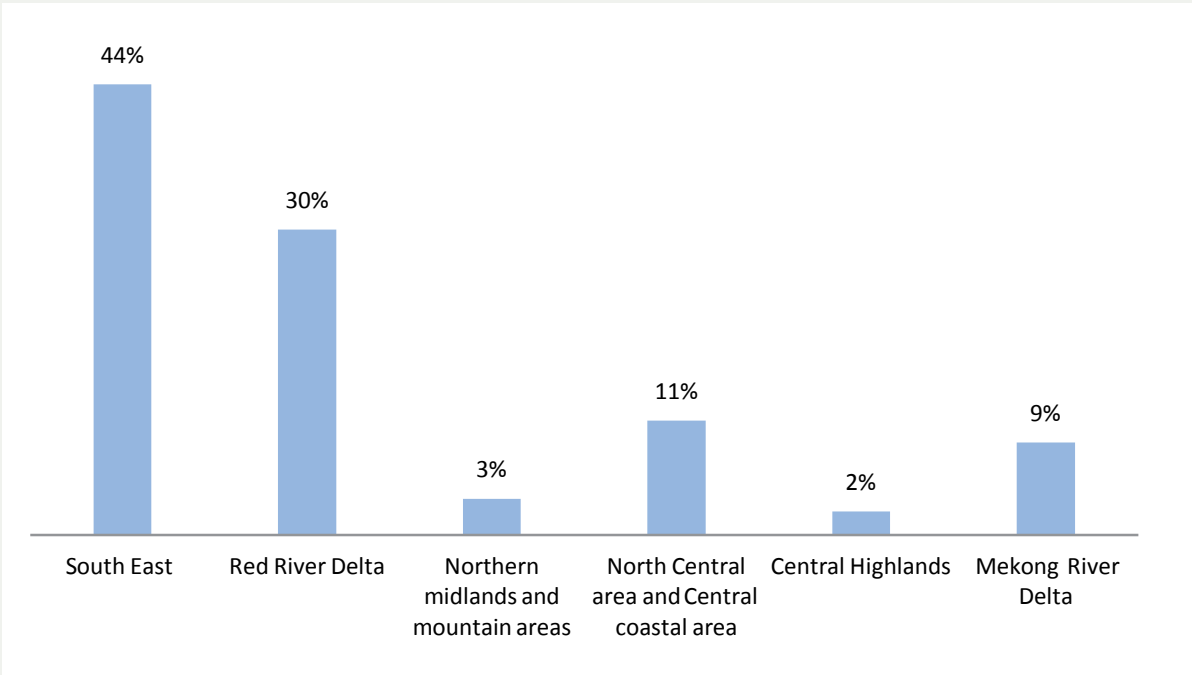
Regional differences

This study has highlighted regional differences, showing that women in Can Tho province were much more likely to experience lack of a support network than entrepreneurs in Hanoi. Even in Hanoi, though, female business owners indicated that men entrepreneurs tend to be more respected than women entrepreneurs within the business community, and that it is harder for women to expand their business contacts and forge partnerships due to the more limited options of socially-acceptable networking opportunities. A higher percentage of women-owned SMEs indicated that they need consent from their partner before applying for a loan (47% vs 39% of male respondents), indicating that women face more family pressure and less freedom when it

comes to managing their businesses. A woman entrepreneur from An Giang province said "Being a businesswoman is easy but becoming a successful business woman is extremely difficult."

Approximately 75% of all women-owned enterprises operate in the Southeast and Red River Delta regions. These regions are not only the country's main economic hubs, they also have the highest concentration of entrepreneur networks (with startups and hi-tech receiving most support). These entrepreneur networks are likely to foster a more supportive and conducive environment for women entrepreneurs. It is therefore unsurprising that 44% of all SMEs in the Southeast region are women-owned.

Figure 7: Percentage of women-owned firms by region



SOURCE: General Statistics Office, 2015

Table 8: Number of enterprises by region

Region	Female-owned				Male-owned			
	Small	Medium	TOTAL	%	Small	Medium	TOTAL	%
Red River Delta	10,873	1,117	11,990	30	42,325	5,012	47,337	33
Northern midlands and mountain areas	1,245	157	1,402	4	7,129	705	7,834	6
North Central area and Central coastal area	4,077	398	4,475	11	16,799	1,600	18,399	13
Central Highlands	799	108	907	2	3,916	386	4,302	3
Southeast	15,900	1,745	17,645	44	44,507	5,694	50,201	35
Mekong River Delta	3,245	339	3,584	9	12,275	1,148	13,423	9
TOTAL	36,139	3,864	40,003	100	126,951	14,545	141,496	100

SOURCE: General Statistics Office, 2015



Table 9: Key characteristics of provinces covered in the survey

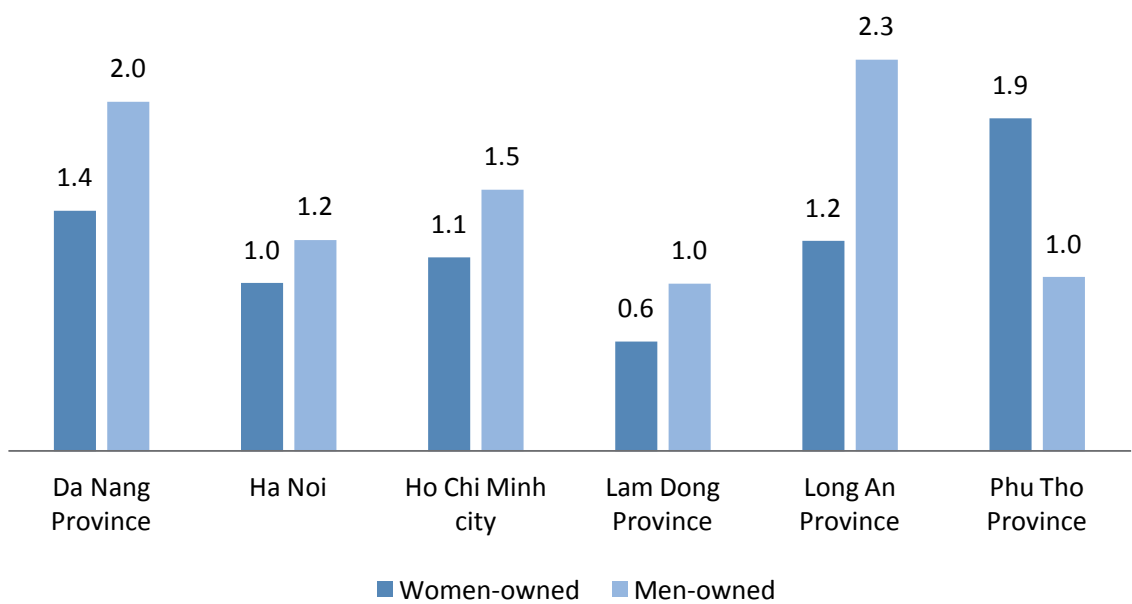
Province/ City	Region	Overview
Hanoi	Red River Delta	Hanoi is the capital of Vietnam. It has 12 urban districts, 17 rural districts and one provincial town. The growth rate of the service sector was 8%, industry and construction 9%, and agriculture 2% in 2016. Its major goal in 2017 is to further improve investment and business environment, and encourage start up and enterprise development.
Phu Tho	Northern midland and mountainous	Phu Tho has 11 districts, one district-level town (Phu Tho) and one provincial city (Viet Tri). Manufacturing and construction accounted for 40%, followed by services at 36%, and agriculture at 24% in 2016. A high concentration of firms is set in Viet Tri city.
Da Nang	Central Coast	Da Nang is one of the major port cities. It is the largest city and leading industrial center in the region and boasts the fastest economic growth rate. It is known for having the most conducive business environment and infrastructure in Vietnam. In 2016, it topped the country's PCI (Provincial Competitive Index) ranking for the fourth consecutive year. Da Nang includes six urban districts and two rural districts.
Lam Dong	Central Highlands	Lam Dong has two provincial cities (Da Lat and Bao Loc) and ten districts. Its economic structure in 2016 was for 48% agriculture, 17% manufacturing and construction, and 34% service sectors, respectively. The province is famous for tourism and agriculture products such as tea, vegetables and flowers. As per Decision No.1528/QĐ-TTg dated September 3rd, 2015, Da Lat was granted several specific mechanisms and policies to promote its investment, trade, tourism, and agriculture.
HCM City	Southeast	Ho Chi Minh City is the country's economic center. It consists of five rural and 19 urban districts. It has attracted a large number of foreign investors for years thanks to its high economic growth rates. The Government has issued a decree specifying a number of special financial mechanisms for its socio-economic development.
Long An	Mekong River Delta	Long An province serves as a bridge between Ho Chi Minh City and other provinces in the Mekong River Delta. It has 13 districts, one district-level town, and one provincial city. It is among the leading provinces in attracting a large volume of foreign investment. Long An aims to become an industrial province by 2020.



Annual Revenue

The 2015 Enterprise Census found that women-owned small enterprises averaged annual revenues 0.9% higher than their male counterparts, while among medium-sized enterprises, men-owned achieved 1.2% higher average revenues. This survey of 500 enterprises found the opposite result, with men-owned small businesses having slightly higher annual revenue than those owned by women, and lower revenues for medium-sized businesses (see Figures 9 and 10). This is most likely due to the sectoral composition of the sample, which has a higher proportion of men in manufacturing and construction among small-sized firms and a few medium-sized women-owned Enterprises with higher than average annual revenues. Across the sample, men have higher average revenues across all provinces, with the exception of Phu Tho (see Figure 8).

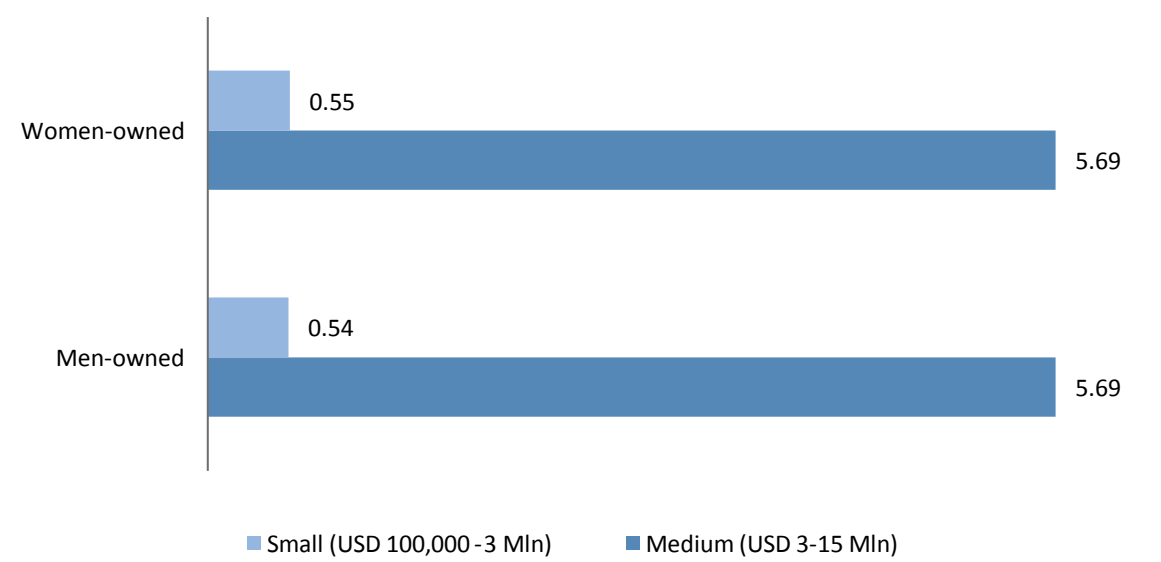
Figure 8: Average revenue for SMEs by region and gender (USDm)



SOURCE: Study Survey, 2017

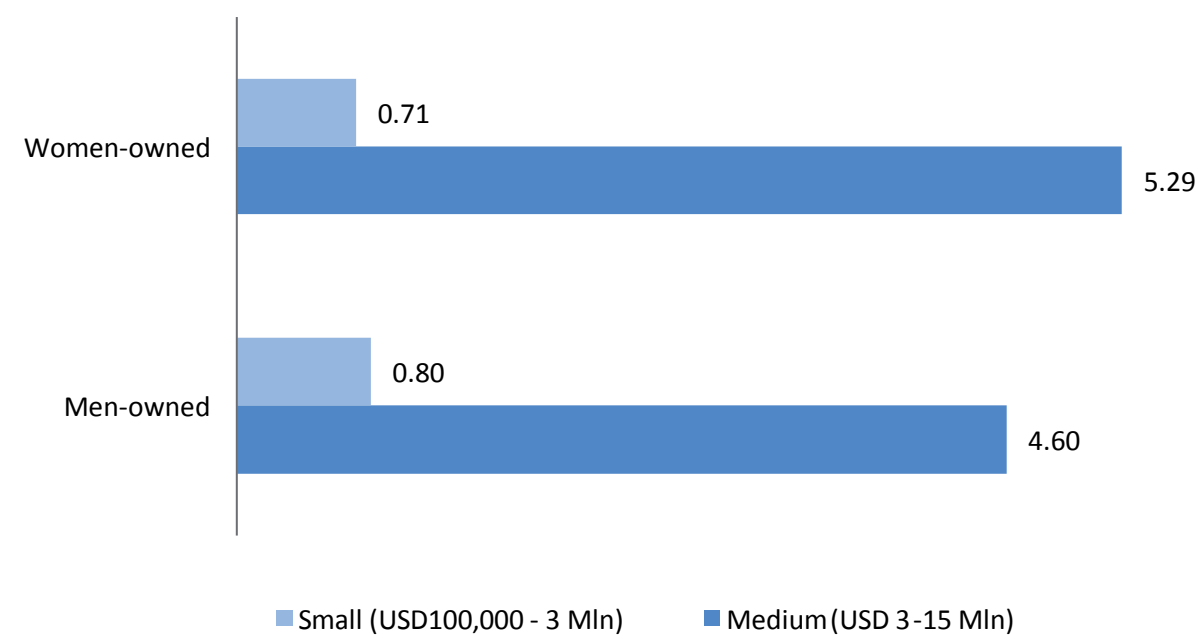


Figure 9 Average revenue for women- and men-owned SMEs (USDm), GSO 2015



SOURCE: General Statistics Office, 2015

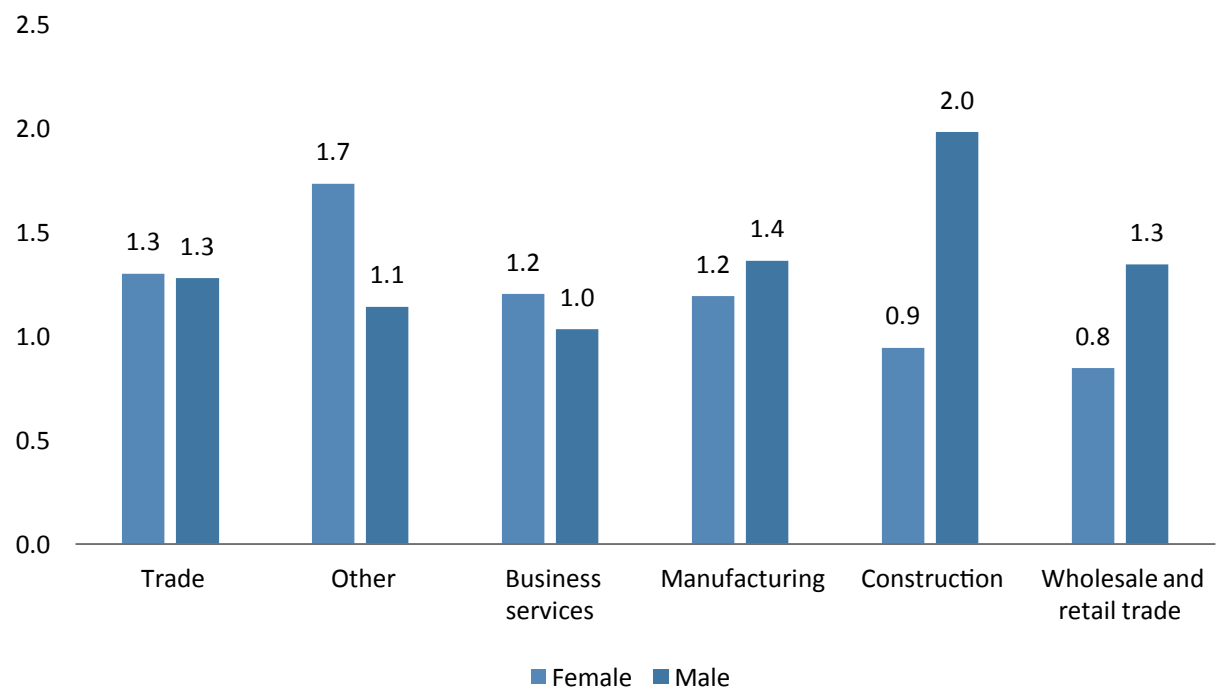
Figure 10: Average revenue for women- and men-owned SMEs (USDm), this study, 2017



SOURCE: Study Survey, 2017

This survey found men have higher annual turnovers in manufacturing, wholesale and retail trade and construction, while women earn higher revenues in business services. The largest revenue difference is in construction, where men have almost twice the earnings as compared to women, see Figure 11.

Figure 11: Average annual turnover per sector (USDm)



SOURCE: Study Survey, 2017

Employment

The number of employees is also relevant to revenue. This survey shows women entrepreneurs have more employees at the launch of their businesses and add employees at a slower pace than men, resulting in smaller staff numbers on average. For example, women had an average of 19 full-time employees at launch, 31 at the end of 2015, and 36 at the end of 2016 while men started with an average of 17 and ended with 39 full-time employees (see Figure 12). The same pattern holds true for hiring part-time employees. Men-owned SMEs tend to hire more casual labor, due likely to their greater concentration in the construction sector where casual labor is common. By the end of 2016, men-owned businesses averaged 21 casual laborers compared to 13 among women-owned — this despite starting with a similar average of 4-5 casual laborers (see Figure 13). These findings are consistent with the 2015 Enterprise Census, as well as with international experience, which shows that women-owned enterprises tend to grow more slowly than those owned by men.

However, when comparing the hiring patterns of women- and men-owned businesses operating in the same sector, the aforementioned patterns in employment numbers disappear. In manufacturing, women-owned enterprises employ more staff than men both at the small- and medium-sized levels.

Figure 12: Number of full-time employees from start of business

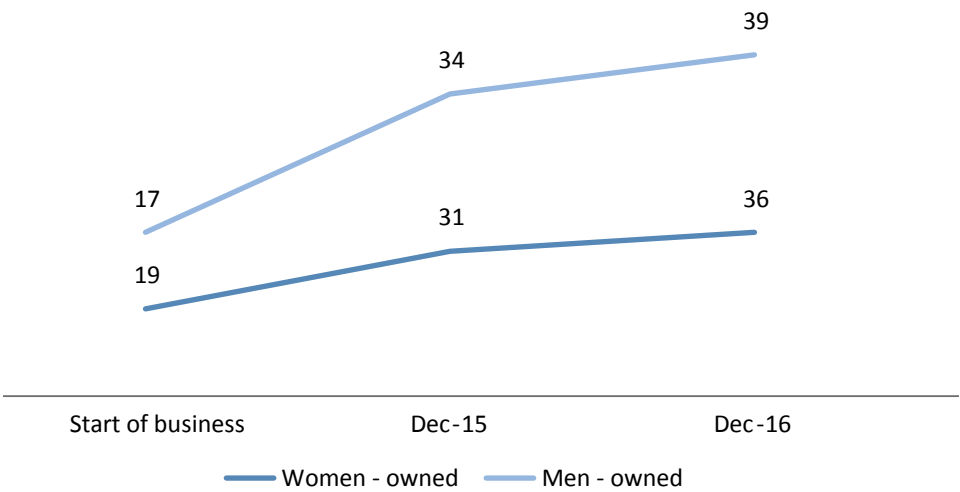


Figure 13: Number of part-time employees from start of business

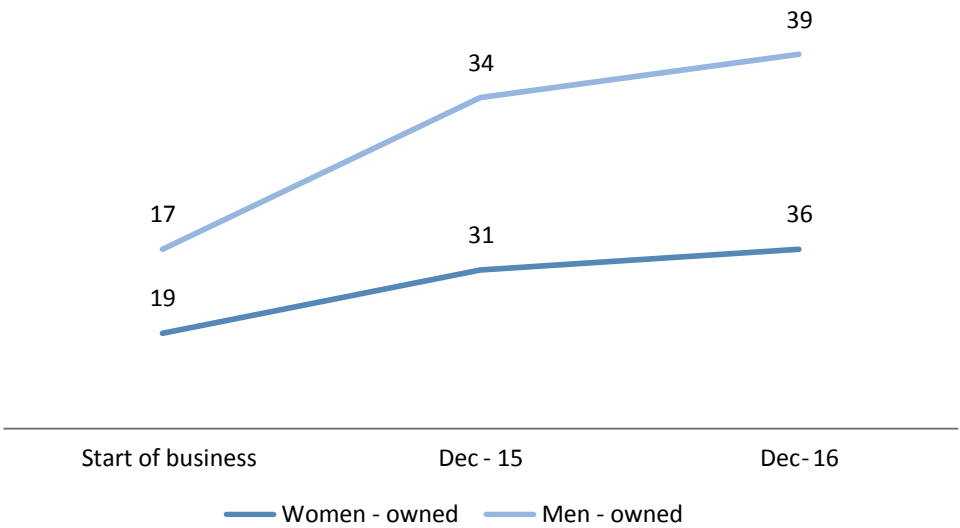
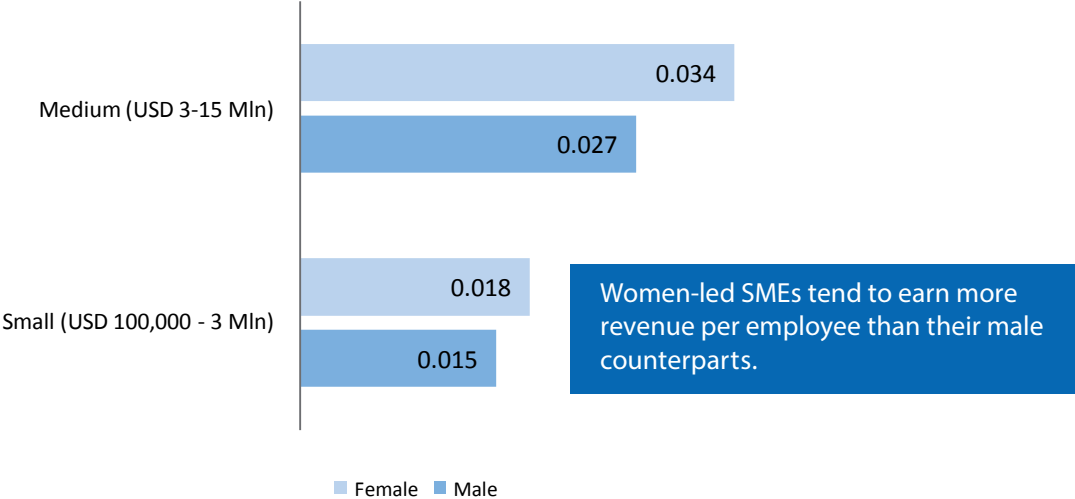


Figure 14: Average revenue per employee (USD million)



SOURCE: General Statistics Office, 2015

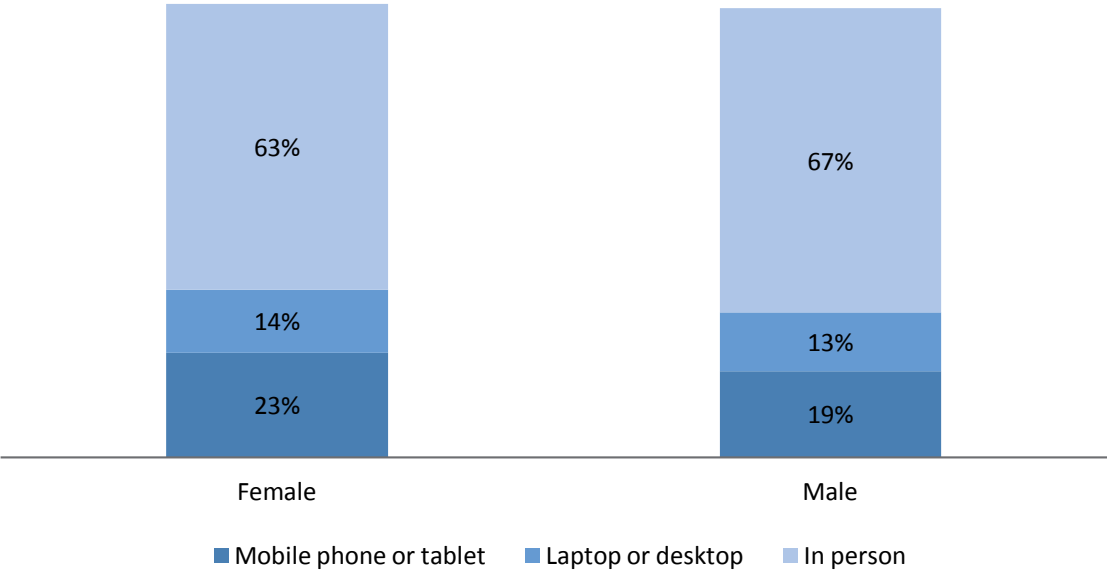
Another difference is the share of female employees per enterprise. Women-owned enterprises tend to hire more female employees than their male counterparts; this difference is greater in small-sized businesses, where female employees make up 42% of total staff in women-owned businesses and only 36% in men-owned (see Tables 9 and 10). For both female and male business owners, the ratio of female employees increases with a corresponding increase in firm size.

Access to banking services

The most important services that women-owned enterprises seek from a bank are: accessing finance (personal and business loans, and credit cards), transferring money to suppliers, and receiving customer payments. Survey results show women are more sensitive to good customer service while men are more sensitive to interest rates and fees. However, both continually search for lower prices, better customer service, and more convenient locations. Loyalty is short-lived; the average SME owner transacts with three banks; 14% have changed their main bank over the past three years. This is due in part to transaction fees varying considerably from bank to bank, and a lack of transparency from the banks on these charges.

More than 60% of all small business owners conduct their banking in person, with women having a slightly higher rate of online banking. Focus group discussions revealed that this is mostly due to fear of cyber theft. Over 60% of women entrepreneurs prefer to deal with the same relationship manager for both their personal and business bank accounts.

Figure 15: Share of online or in person banking by SMEs

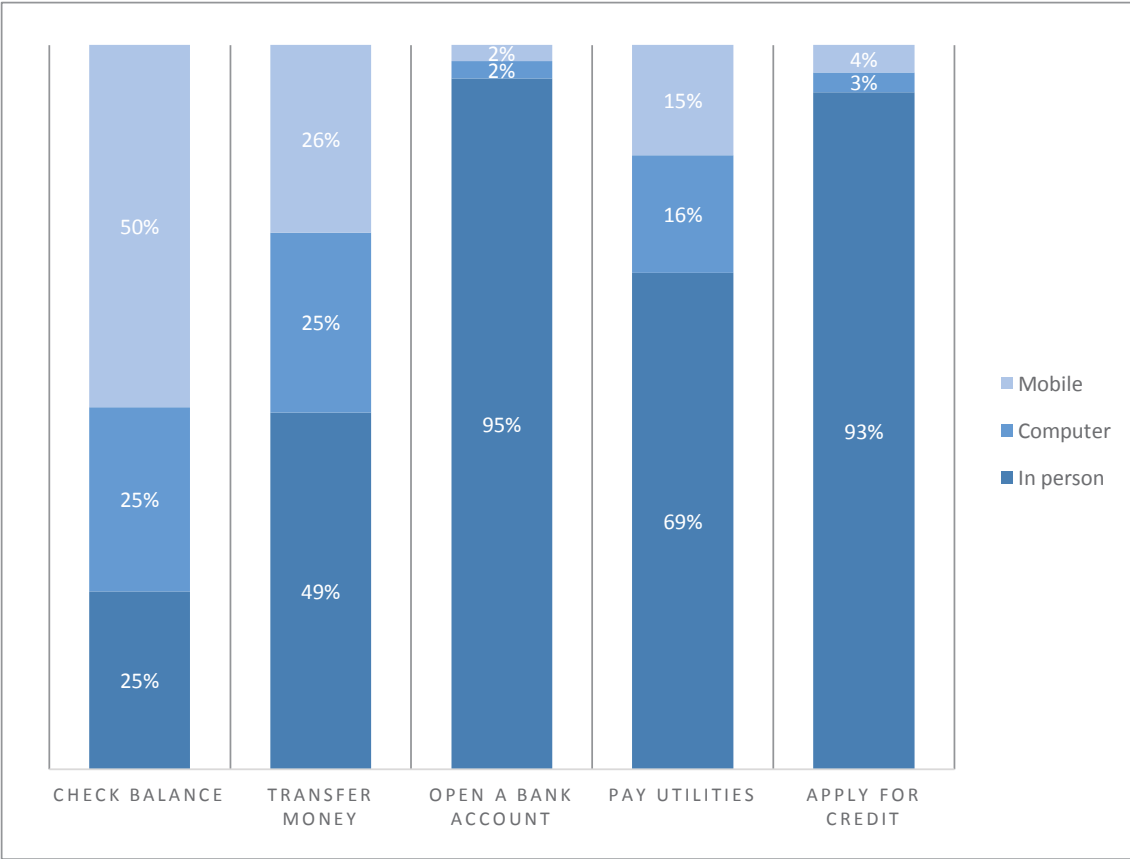


Branchless banking is increasing in popularity due to the widespread use of smart phones and the availability of mobile banking apps for all major banks. For both male and female entrepreneurs, opening a bank account and applying for credit are almost exclusively done in person (due to the original or ink signature requirement) while transferring money and checking bank balances are increasingly done digitally (see Figure 15). It should be noted that there is minimal difference in the percentage of men and women holding bank accounts, with averages for both around 32% - a relatively low level given the breadth of the banking sector, and seemingly a market opportunity for banks.

Women tend to prefer online banking for personal accounts and in-person transactions for business banking.

Paying utilities is still done in person in 70% of the cases, while money transfer transactions and account balance inquiries are increasingly done digitally (in 26% and 50% of the cases, respectively).

Figure 16: Type of transactions by channel (man and woman)

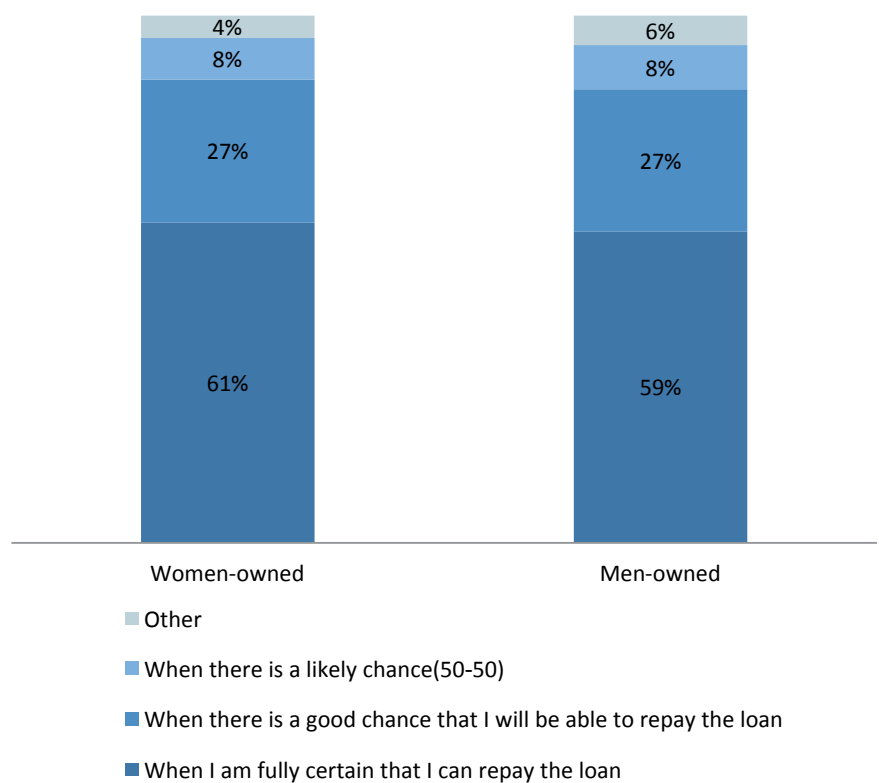
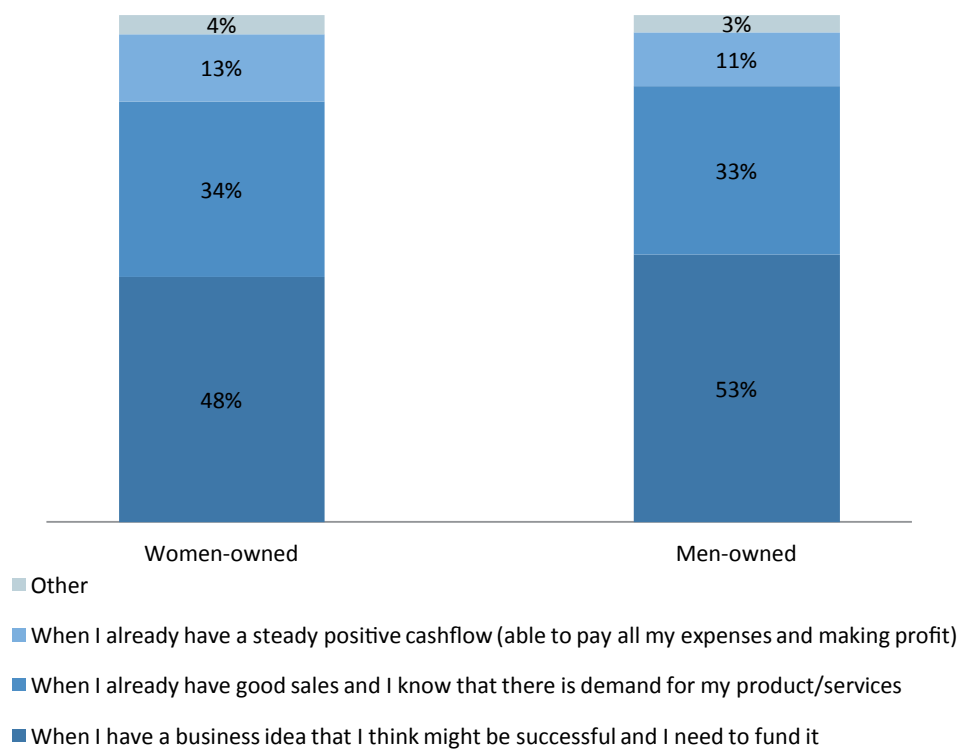


SOURCE: Study Survey, 2017

The common perception of banks surveyed is that women entrepreneurs tend to be more risk averse than men. To test this perception, survey respondents were asked questions indirectly related to risk, such as, “When do you think it’s a good time to apply for a loan?” and, “When should someone apply for a loan?”. Survey findings showed no difference in levels of risk taking between men and women SME owners (see Figure 17). For both segments, the most opportune time to seek bank financing was when they were certain they could repay the loan (about 60%). At the same time, both female and male business owners believed a good time to seek financing was when they had a good idea and needed to fund it. Equal percentages of women and men deemed it acceptable to apply for a loan when there was a “good chance” of being able to repay (27%) as well as when there is only a 50% chance of being able to repay (8%). The perception that women entrepreneurs are more risk-averse is among the seven myths debunked on pages 52-53.



Figure 17: When to apply for a loan

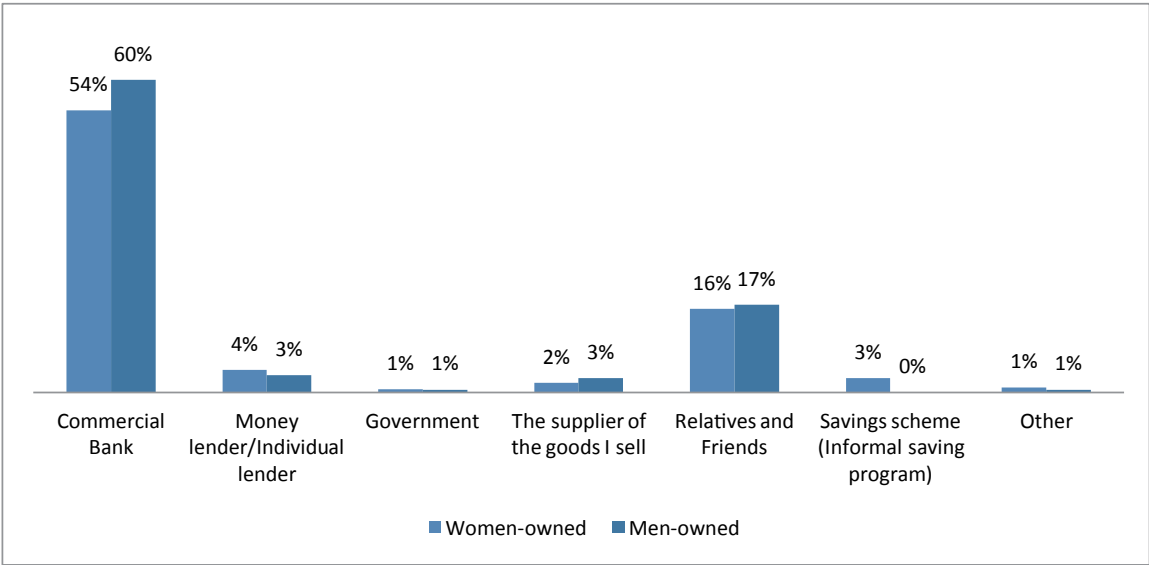


SOURCE: Study Survey, 2017

Access to Finance

Over 60% of women-owned and 72% of men-owned enterprises have taken business loans from different sources (see Figure 18). Approximately 17% of them borrowed from friends and family, money lenders (3-4%) and government agencies (1%). A lower percentage of women obtained loans from commercial banks than men (54% versus 60%, respectively), and a small number of women entrepreneurs received financing from informal savings programs (no men did). Supplier financing was marginal for both women-owned and men-owned businesses at 2% and 3%, respectively.

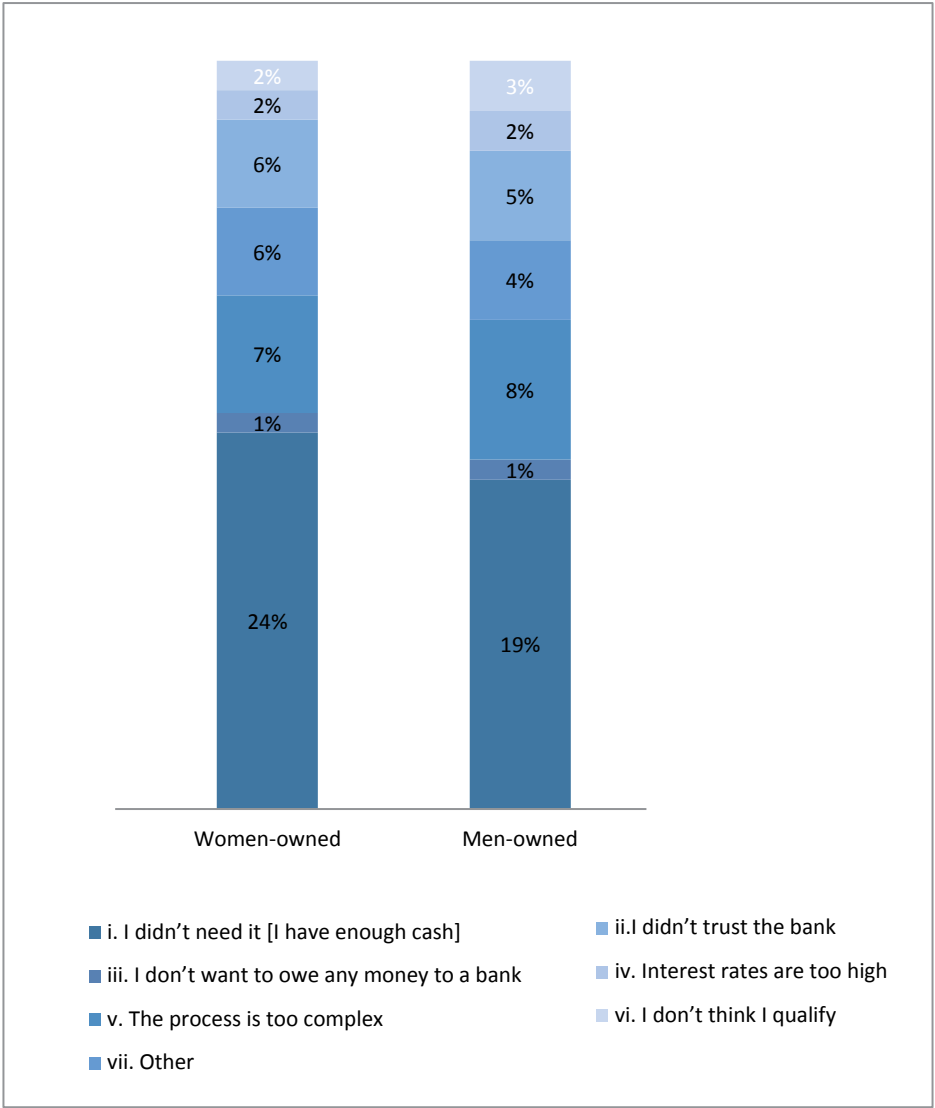
Figure 18: Access to business loans



SOURCE: Study Survey, 2017

More women than men entrepreneurs chose not to apply for a business loan because they felt they did not need the money - close to a 25% of women versus 20% of men – seemingly another opportunity for banks to offer financial services beyond loans. The remainder did not borrow for several reasons: either they did not want to owe; they found bank interest rates too high; or they thought the process was too complex. Only 2% of female and male business owners did not apply because they believed they would not qualify for a loan (see Figure 19).

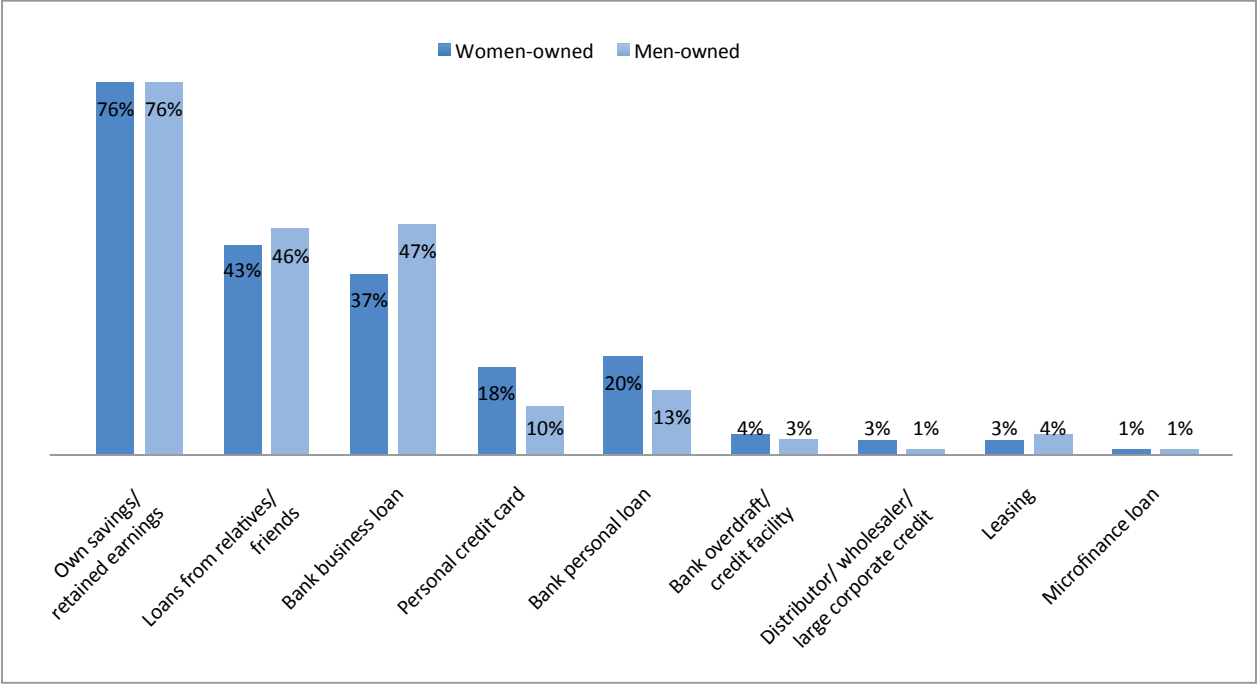
Figure 19: Reasons for not requesting business loans



SOURCE: Study Survey, 2017

Women and men-owned businesses use a variety of financing sources. Male business owners accessed bank business loans at a considerably higher rate than female business owners – 47% versus 37%, respectively (see Figure 20). On the other hand, women are much more likely than men to use personal loans from banks and almost twice as likely to use personal credit cards to finance their businesses. This could be because women have less access to bank business loans and therefore need to find alternative financing options, even with higher interest charges. It could also be a deliberate choice to avoid having to apply for business loans as more women than men have expressed dissatisfaction with complex loan application procedures and find it challenging (although a very small difference).

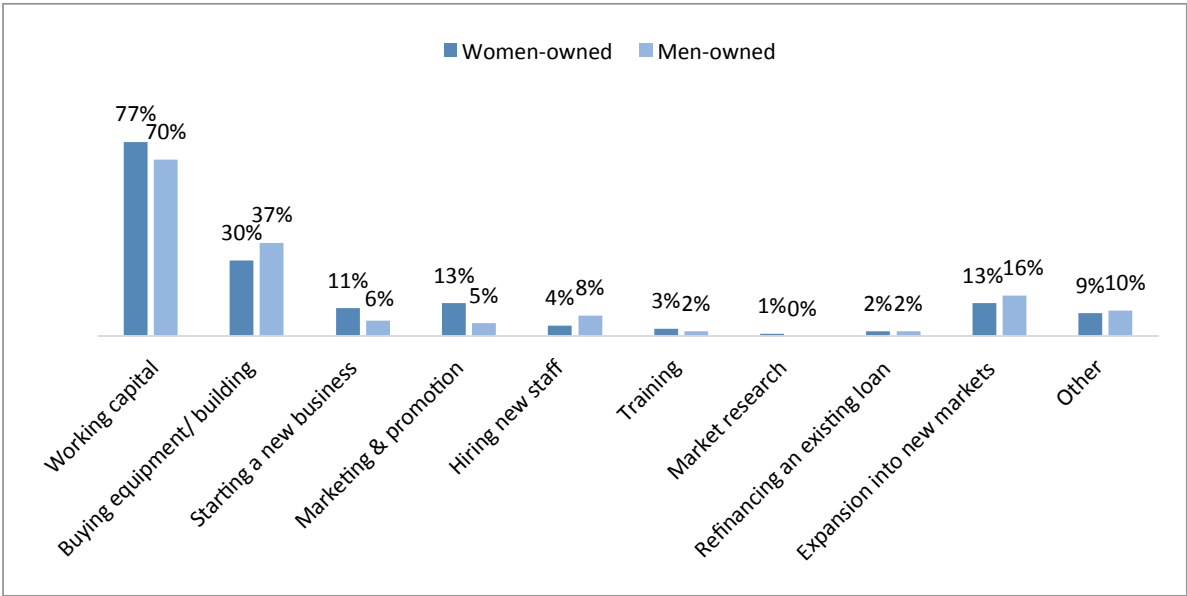
Figure 20: Source of financing for the past two years



SOURCE: Study Survey, 2017

Figure 21 shows that 77% of women and 70% of men took loans to finance working capital, followed distantly by financing for equipment or buildings (30% of men and 37% of women). Focus group discussions confirmed that working capital is the top reason for seeking financing, particularly in the service sectors where up to 90% of borrowing is for working capital versus e.g. manufacturing where there is a more even split between loans for working capital and fixed assets.

Figure 21: Top reasons for borrowing



SOURCE: Study Survey, 2017

The average outstanding loan amount is higher for men business owners than for women. Women-owned SMEs have an average loan outstanding of VND 2.54 billion (about USD 111,500) versus VND 2.89 million for men (about USD 127,000). Among medium-sized enterprises, the average loan outstanding for women’s businesses was VND 4.33 billion (about USD 190,000) versus VND 4.37 billion (about USD 192,000) for men (see Figure 22 and Table 10).

Figure 22: Total loans outstanding for women- and men-owned SMEs

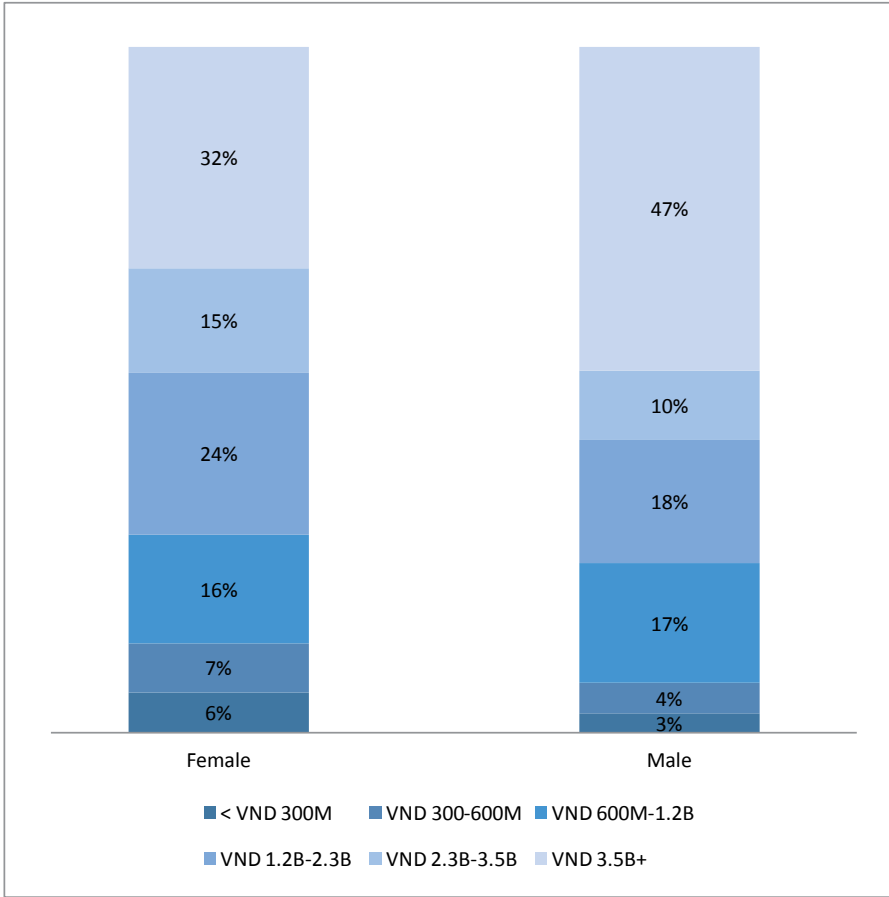
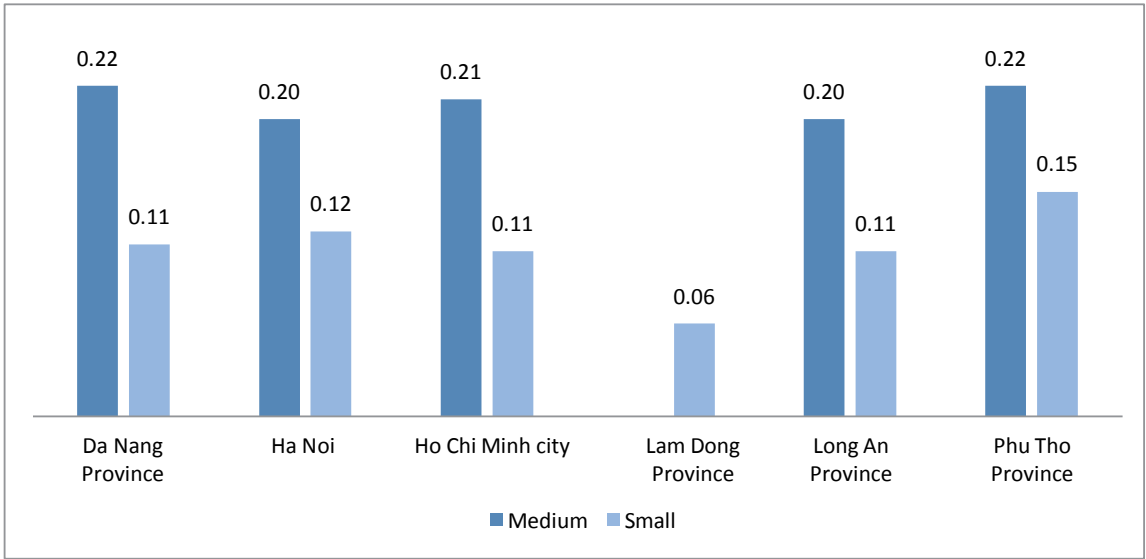


Table 10: Average outstanding loan size by size of enterprise and gender

	Women-owned (USD)	Men-owned (USD)
Small-sized	111,500	127,000
Medium-sized	190,100	192,000

	Women-owned (VND Billion)	Men-owned (VND Billion)
Small-sized	2.54	2.89
Medium-sized	4.33	4.37

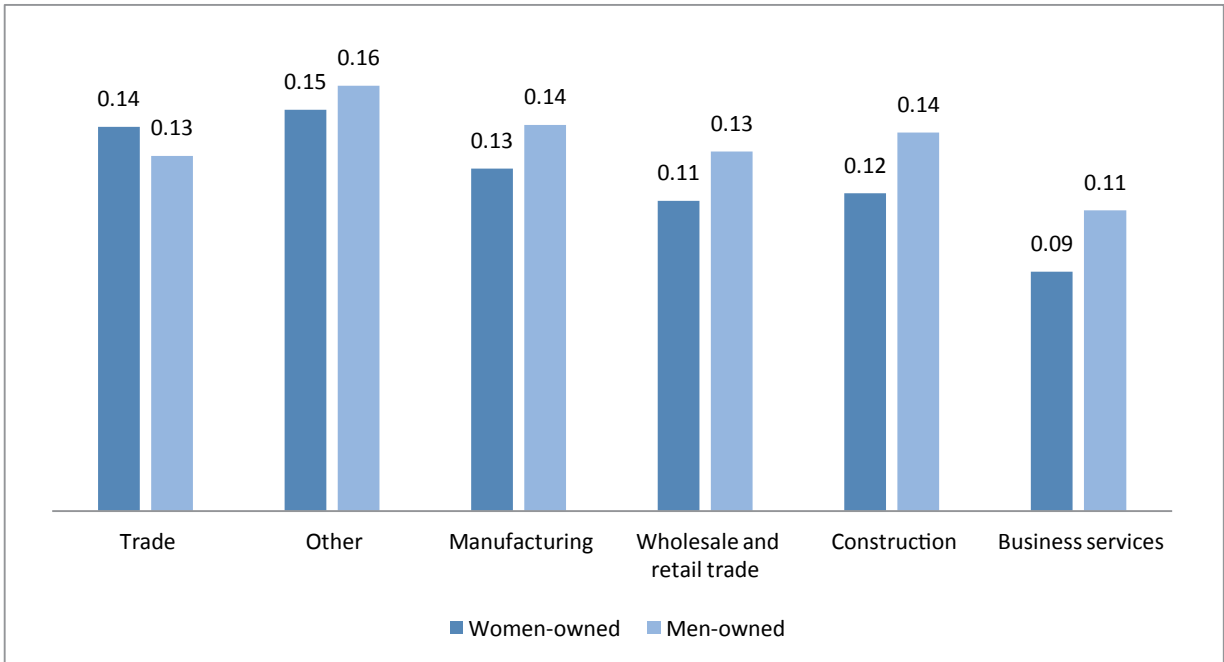
Figure 23: Average outstanding loans by province (USD million, men and women)



SOURCE: Study Survey, 2017

Da Nang and Phu Tho have the highest average loan size for medium-sized business owners and in the case of Phu Tho, for small-sized firms as well. No medium-sized business was surveyed in Lam Dong province; thus no information was available for this category (see Figure 23).

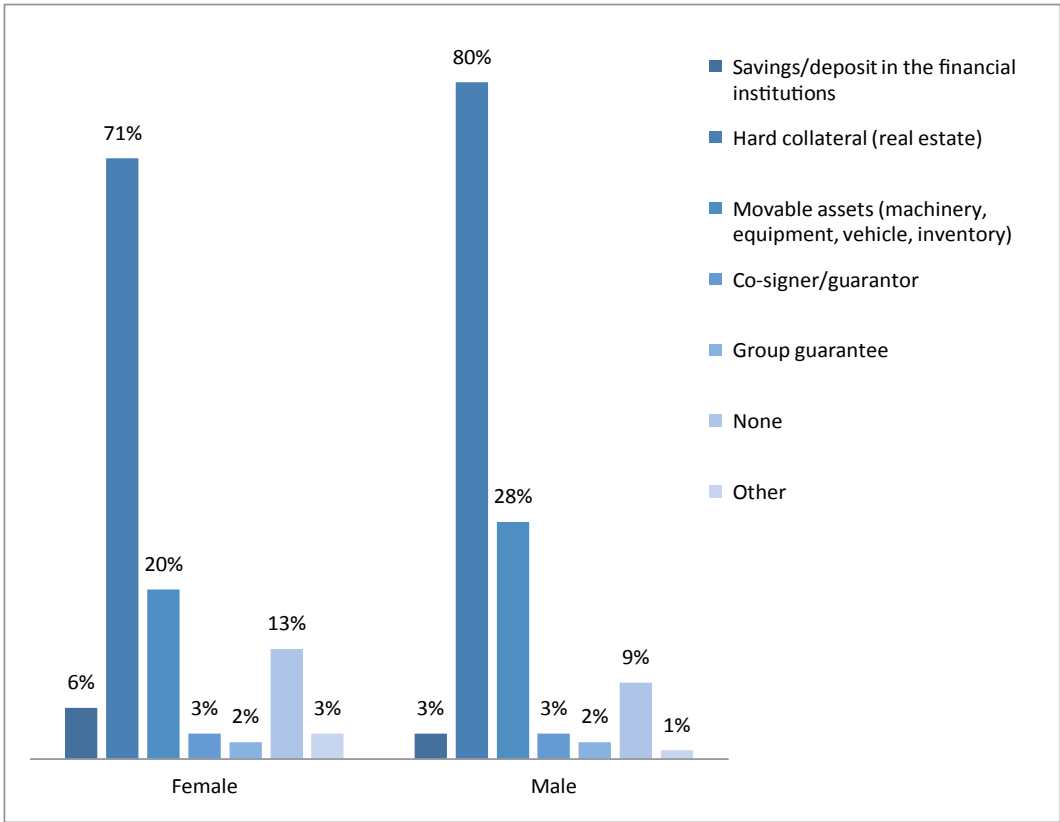
Figure 24: Average outstanding loans by sector



SOURCE: Study Survey, 2017

Men-owned businesses have higher loans in all sectors except for trade. The largest difference in average loan size is in the construction sector, where men-owned businesses borrowed an average of USD 140,000 against USD 120,000 for women-owned enterprises (see Figure 24).

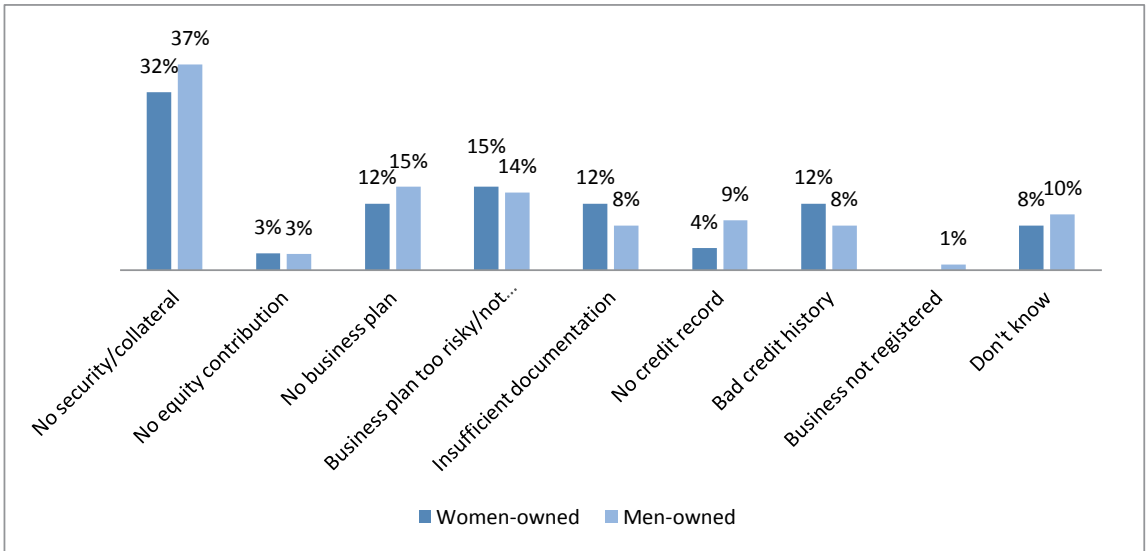
Figure 25: Type of collateral pledged



SOURCE: Study Survey, 2017

Fixed assets such as real estate, remain the most common form of loan guarantee. Fixed assets were required to secure over 70% of loans for women-owned enterprises and 80% of loans for men-owned businesses. Often business owners provided more than one form of collateral to secure their loans. Women used movable assets – mainly equipment, machinery and vehicles – in 20% of the cases, while men did so in 28% of cases observed. This is in line with the sectoral concentration of men-owned enterprises (i.e., manufacturing and construction). Unsecured loans are more prevalent among women business owners (see Figure 25).

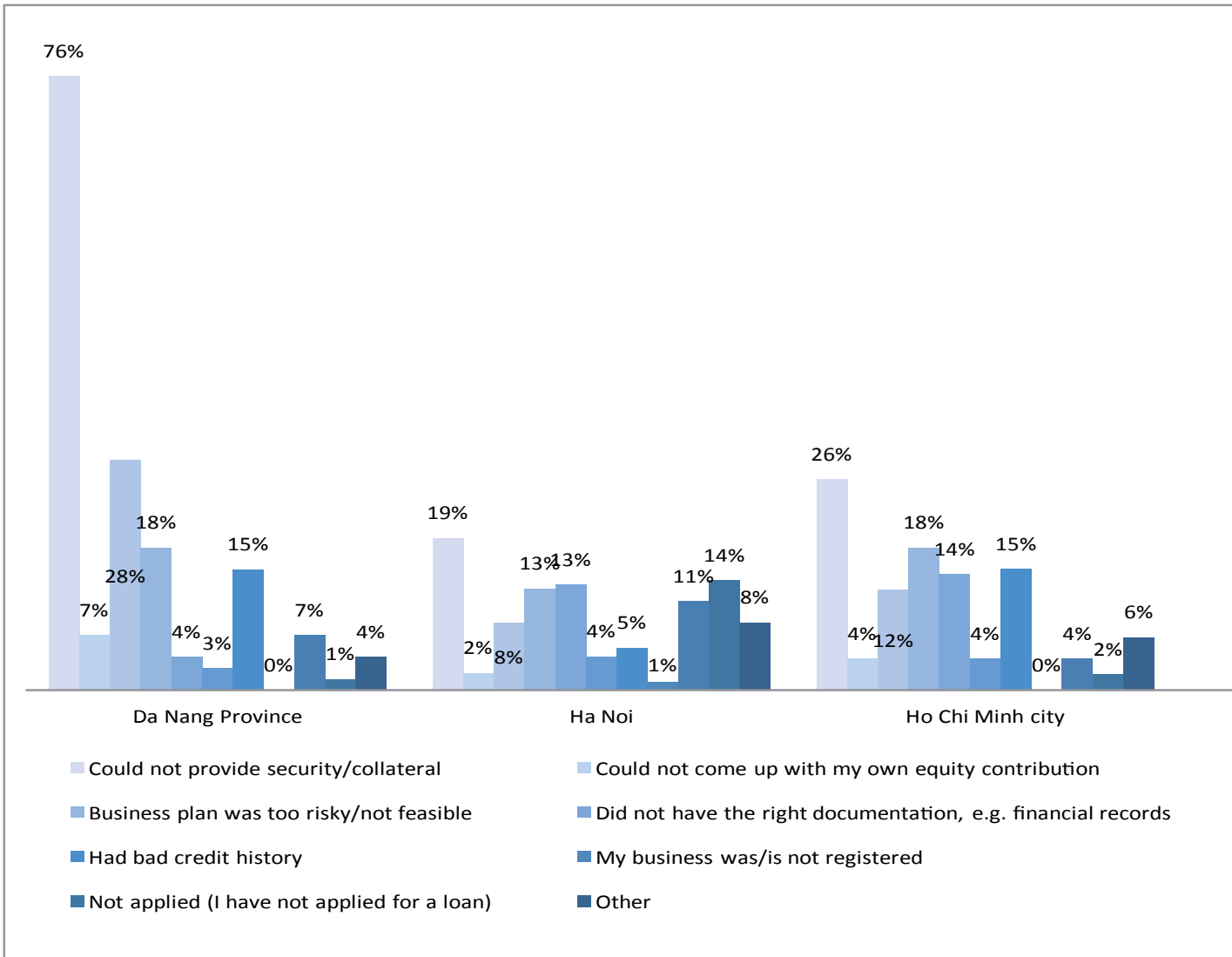
Figure 26: Reasons for unsuccessful loan applications



SOURCE: Study Survey, 2017

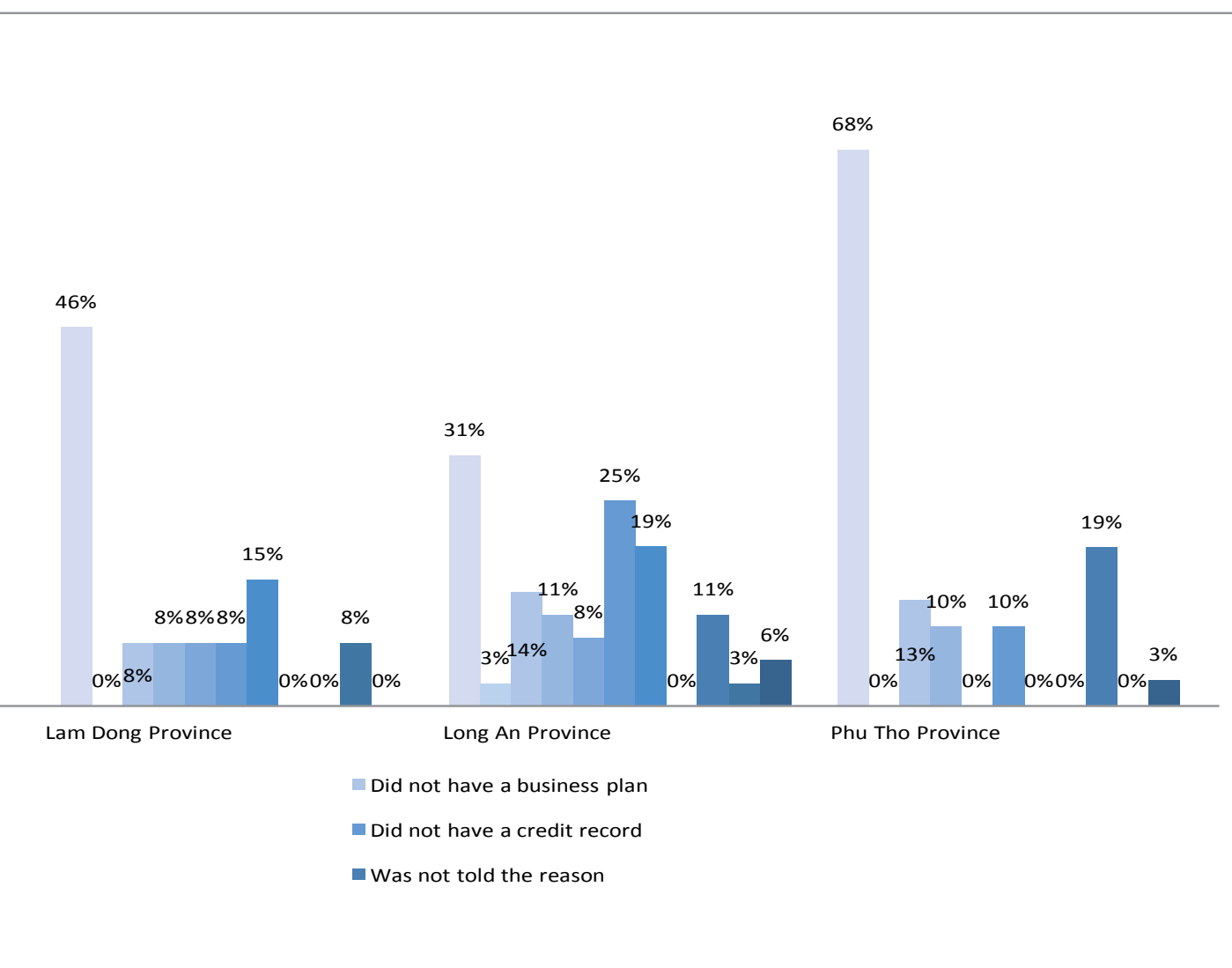


Figure 27: Reasons for unsuccessful loan applications by province



SOURCE: Study Survey, 2017

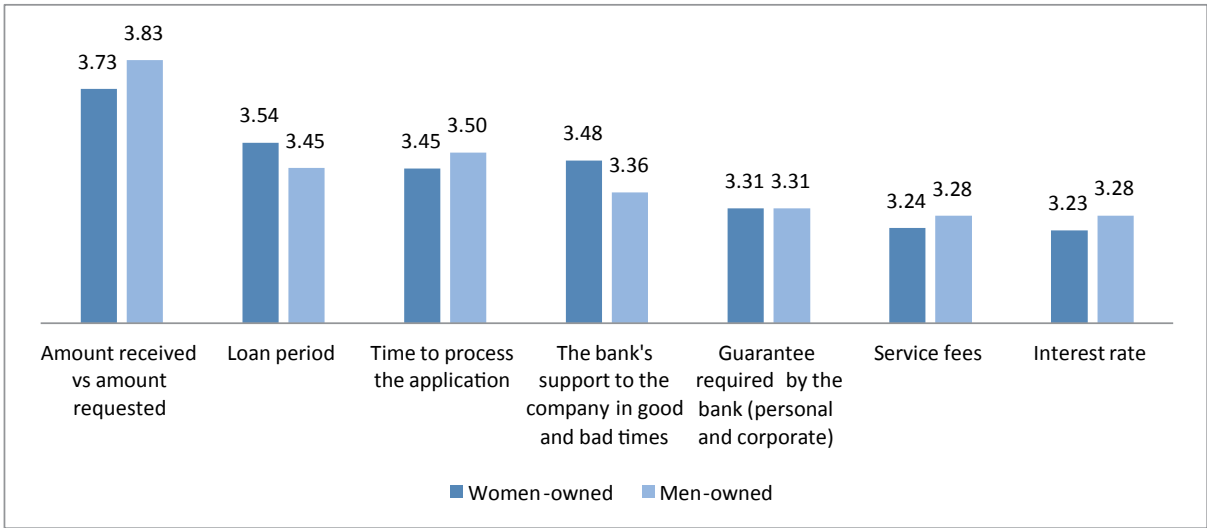




Insufficient collateral is the most common reason for unsuccessful loan applications, affecting around 30% of women-owners. It is also a greater challenge in Da Nang and Phu Tho, compared to Hanoi and Ho Chi Minh City (see Figures 26, 27). Other reasons for declined loan applications among women include a business plan deemed too risky or unfeasible, the absence of a business plan, and insufficient financial records. As discussed earlier, complex loan applications have proven to be more of a barrier for women than for men.

Most women and men business owners are moderately satisfied with the terms of the loans they received. They rated "neither satisfied nor dissatisfied" or "fairly satisfied" every feature including interest rates, collateral requirements, and tenor. The highest difference in satisfaction levels between women and men business owners is on the amount received versus amount requested. As noted earlier, women entrepreneurs tend to receive smaller loan sizes for comparable levels of revenue, and focus group discussions indicate that many women business owners are granted smaller loans than the amount requested. Women entrepreneurs report that unsecured loans are capped at 10% of annual revenues. In addition, both men and women are least satisfied with fees and interest rates. Focus group discussions reveal that loan processing times are also a considerable barrier.

Figure 28: Satisfaction with loan terms received, (1= very dissatisfied and 5= very satisfied)

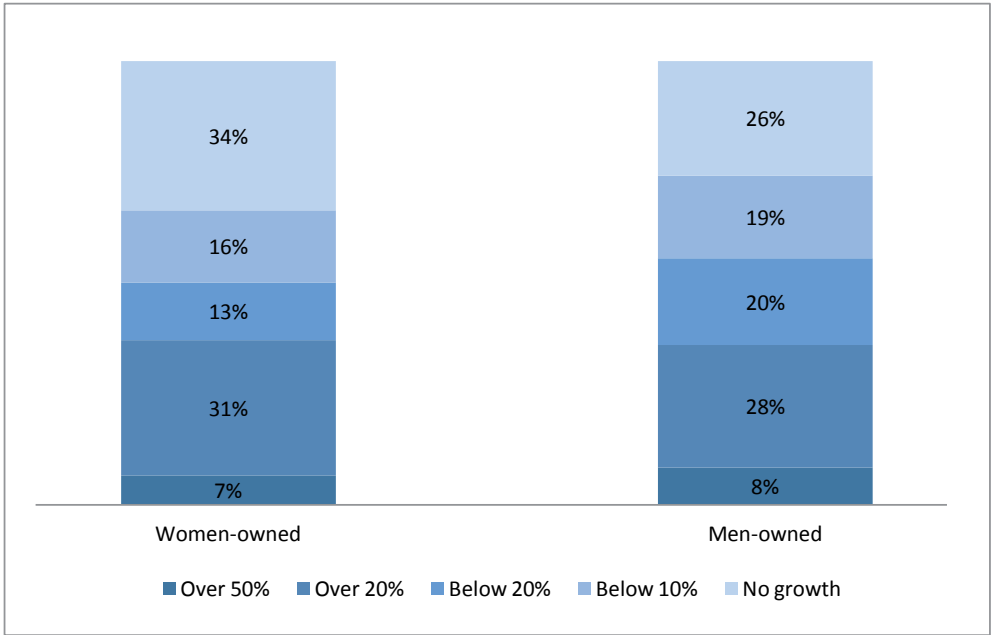


SOURCE: Study Survey, 2017

Projected Growth

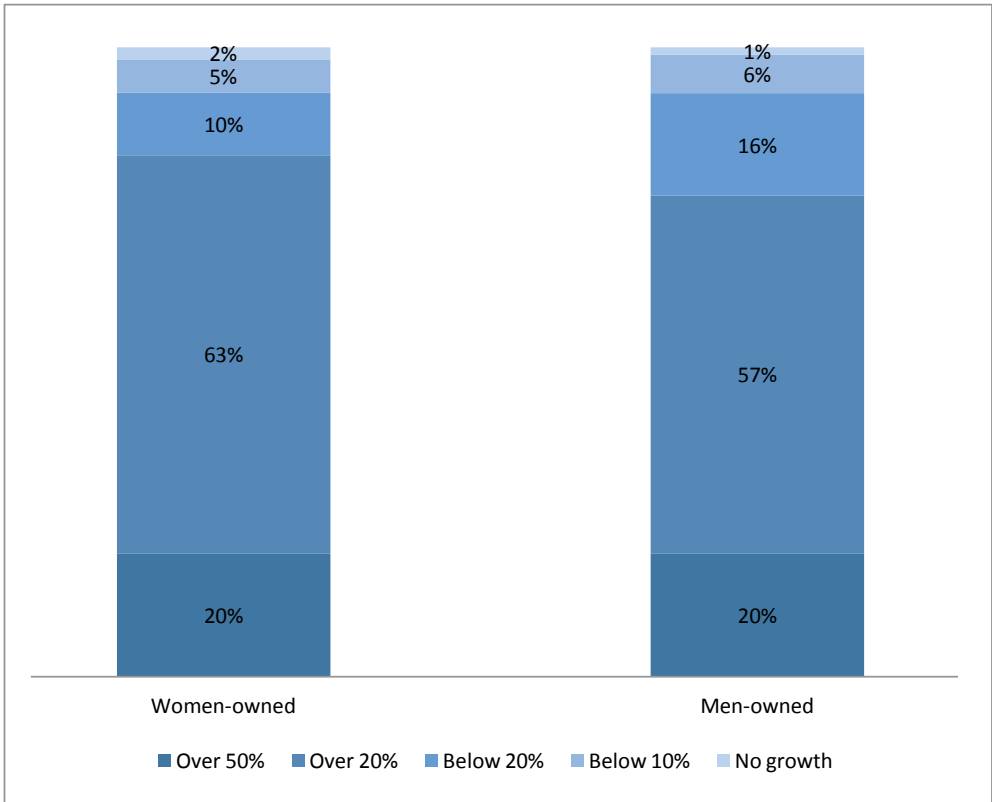
More than half of business owners surveyed have experienced over 20% annual growth in revenues over the past two years (55% of women and 51% of men) – signaling optimism – with 63% of women and 57% estimating over 20% revenue growth in the next two years (see Figure 30). Growth expectations will be driven by increased production of existing products and services (80% of business owners), and the addition of new products and services (11-12% of business owners). Employment is expected to grow as well, with around 30% of business owners forecasting over 20% staff growth (see Figure 29).

Figure 29: Projected employment in the next two years



SOURCE: Study Survey, 2017

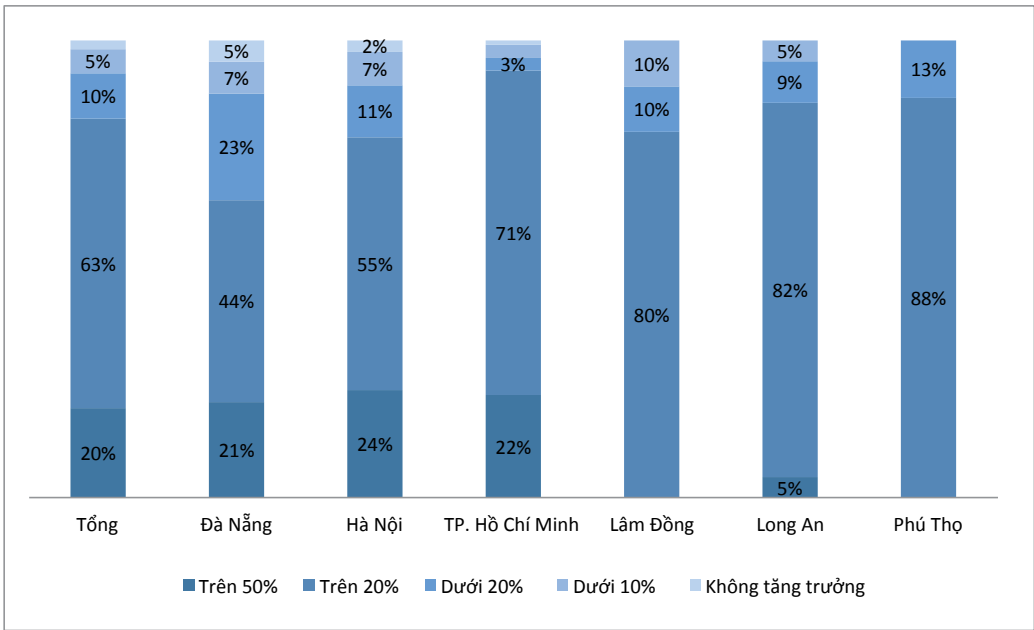
Figure 30: Projected revenue in the next two years



SOURCE: Study Survey, 2017

The women-owned enterprises that expect the highest levels of revenue growth are found in Hanoi, Ho Chi Minh, and Da Nang. The remaining provinces are also optimistic, with between 80% and 88% of female business owners estimating growth of over 20% annually (see Figure 31).

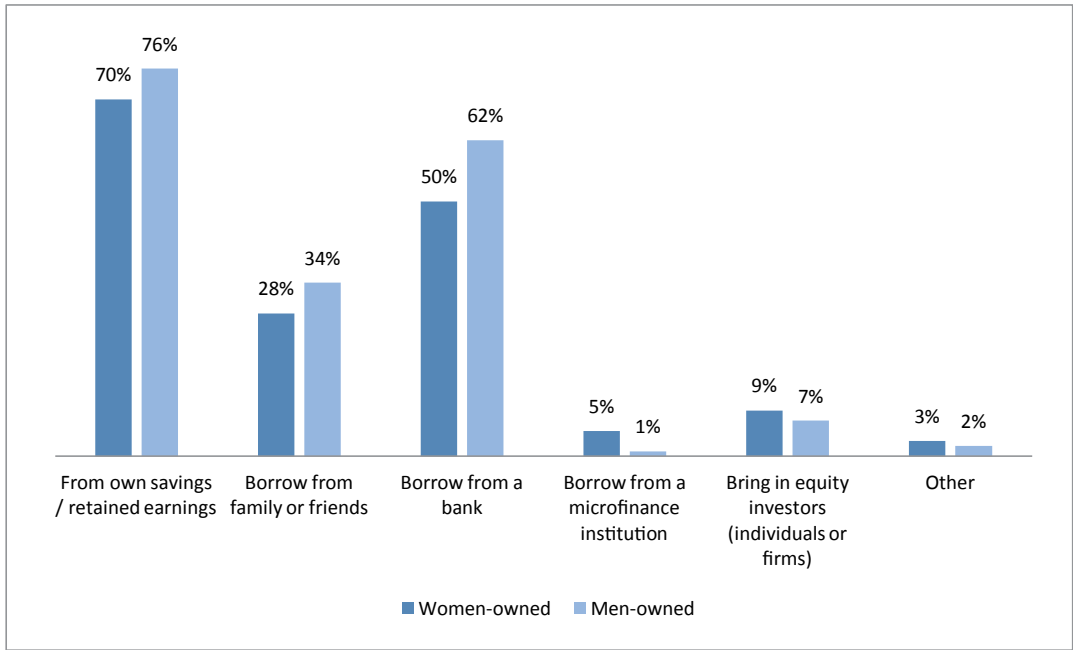
Figure 31: Projected revenue growth for women-owned enterprises in the next two years



SOURCE: Study Survey, 2017

Business owners are planning to finance such growth by tapping into diverse sources of funding, just as they are doing now. Retained earnings remains the most important source of financing for both women and men, followed by loans from a bank.

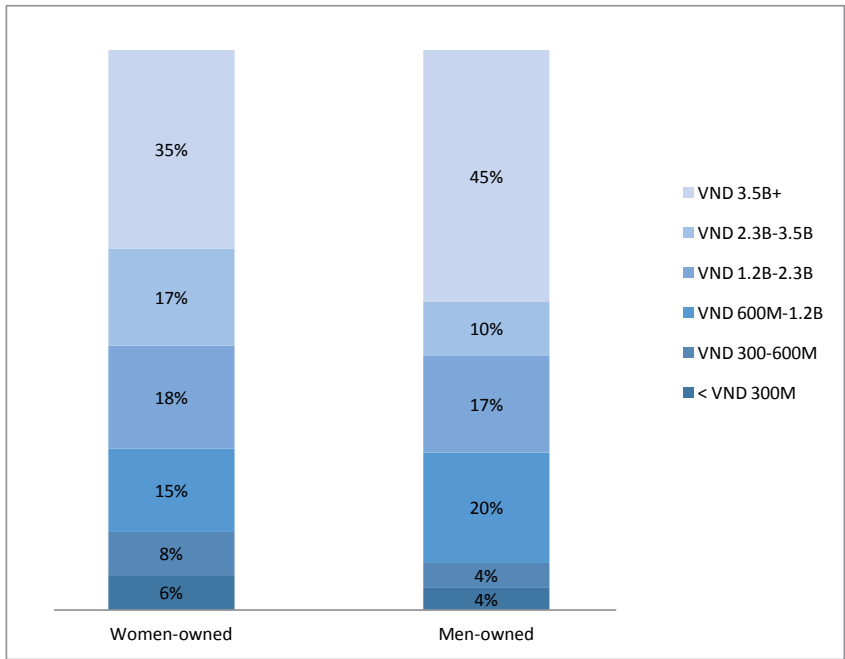
Figure 32: Growth financing strategy



SOURCE: Study Survey, 2017

Some 50% of women-owned enterprises and 62% of men-owned are planning to borrow from a bank, up from the current scenario where 37% of women and 47% of men have bank loans. Only 10% of women are planning to raise equity to finance their businesses. Focus group discussions revealed many women believe that approaching investors is easier than applying for bank loans (see Figure 32).

Figure 33: Amount of financing anticipated for next year



SOURCE: Study Survey, 2017

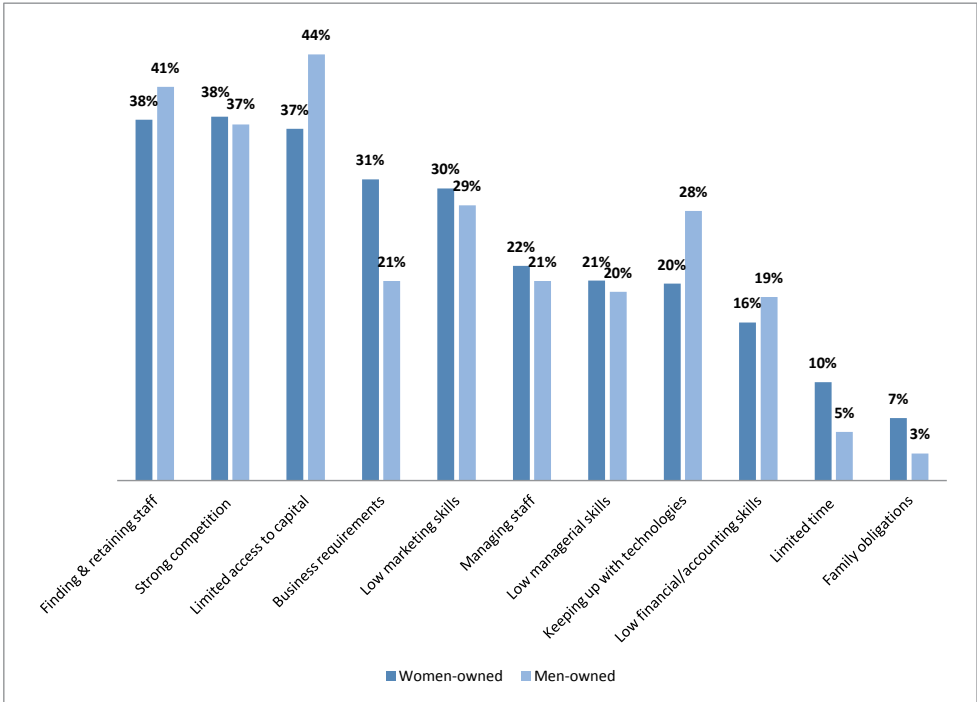
Men anticipate a need for higher financing amounts for the coming year than women entrepreneurs. On average women-owned SMEs expect to need VND 2.42 billion (about USD 106,000), while men projected an average need of VND 2.58 billion (about USD 113,000) (see Figure 33).

Non-financial Services

Apart from access to finance, the top three constraints for both women and men in growing their small businesses are: strong competition in their sector, finding and retaining skilled staff, and compliance with business requirements (see Figure 34). These are also the key challenges that entrepreneurs anticipate going forward and where they would like more support through business development services or non-financial services³⁶.

The challenge of finding and retaining qualified staff is common among small businesses, which require well-rounded personnel with a diverse set of skills but typically do not have the financial resources to attract top candidates. This need is becoming more acute with the exponential rise of social media and e-commerce in Southeast Asia, and the resulting need for sophisticated online branding and marketing skills and accelerated pace of business.

Figure 34: Top constraints



SOURCE: Study Survey, 2017

For those businesses that import or export, or are considering it, English language skills are an additional business requirement which dramatically shrinks the pool of potential candidates. With increased competition resulting from the improved regulatory environment and an influx of foreign direct investment, the race for talent has become fiercer and small businesses are unable to compete with larger firms for highly skilled staff. Also, the rise of online businesses, which require less initial capital and can reach their target audience quickly and relatively cheaply through social media marketing, has fueled competition, particularly in retail. The “copycat culture” – selling something similar to existing products or services or reproducing another entrepreneur’s products under a slightly different name – is a challenge.

³⁶ Non-financial services are business development services that are being provided by banks (where the typical offering is classified as financial services) to help SMEs overcome the challenges of accessing information, skills, advice and new markets. Business development support and non-financial services fall into four broad types: information dissemination, education, advice/mentoring, and networking.

Women entrepreneurs reported that the business environment has become easier compared to when they first started e.g., information is more accessible, and regulations have become more favorable. Despite these improvements, complying with laws, regulations, and taxes remains a constraint affecting a third of women interviewed.

Having limited time and fulfilling family obligations are among the less critical challenges, mentioned by only 17% of women entrepreneurs. These are, however, more of a burden for women with 10% of male entrepreneurs considering them a challenge. As the average entrepreneur in this study has been in business for ten years, they have likely been able to find ways to juggle responsibilities. Focus group discussions highlighted, however, that work/life balance remains challenging, particularly for younger entrepreneurs or during the early years of managing a business. A woman from An Giang province said “Becoming a successful business woman is more difficult because we are expected to care for both business and family.”

Several banks have indicated that women-owned small businesses tend to require more support on financial management and business planning. This survey showed no remarkable gender difference, with both women and men identifying these topics among the top areas in which they require support.

Focus group discussions highlighted the challenge of complex loan application procedures for a number of reasons. Women versus men entrepreneurs tend to be more time poor, thus, see a long application process as greater burden. International research³⁷ also shows that women tend to be put off by financial jargon more than men, and that they doubt themselves more when it comes to financial matters, regardless of the actual level of financial literacy and knowledge. Over 75% of women entrepreneurs interviewed in this study have a university degree and have been managing their business for ten years or more. Therefore, their need for support in filling out a loan application is unlikely due to a skills deficit, rather, it points to a broader issue of self-doubt and low confidence levels with regards to financial matters. It also points to the need for streamlining bank application forms and processes, and for well-trained bank staff who are able to relate product features and eligibility to client needs.

Banks' perspectives on non-financial services

Banks indicate that many entrepreneurs lack critical business management skills, which affect their ability to grow their enterprises. The areas where SMEs struggle the most are: recruiting and retaining high-quality staff, strong branding, and affordable yet effective marketing. These challenges are common to both women-owned and men-owned enterprises.

One in three banks offer business seminars and consulting services to support SMEs in addressing these challenges, either on demand or periodically. Close to half of the banks report offering mentoring programs, and a third indicate they provide online business support. Just over a fifth offer training. All business support services provided by banks are free of charge but offered in collaboration with other organizations, most often business associations.

Several banks consulted as part of this study expressed concern about the accuracy of income statements and tax declarations submitted by small and medium-sized entrepreneurs. While this study has not found any difference in the accuracy of tax declarations between men and women, the survey confirmed that they can't be used as a reliable source of information on a business' performance.

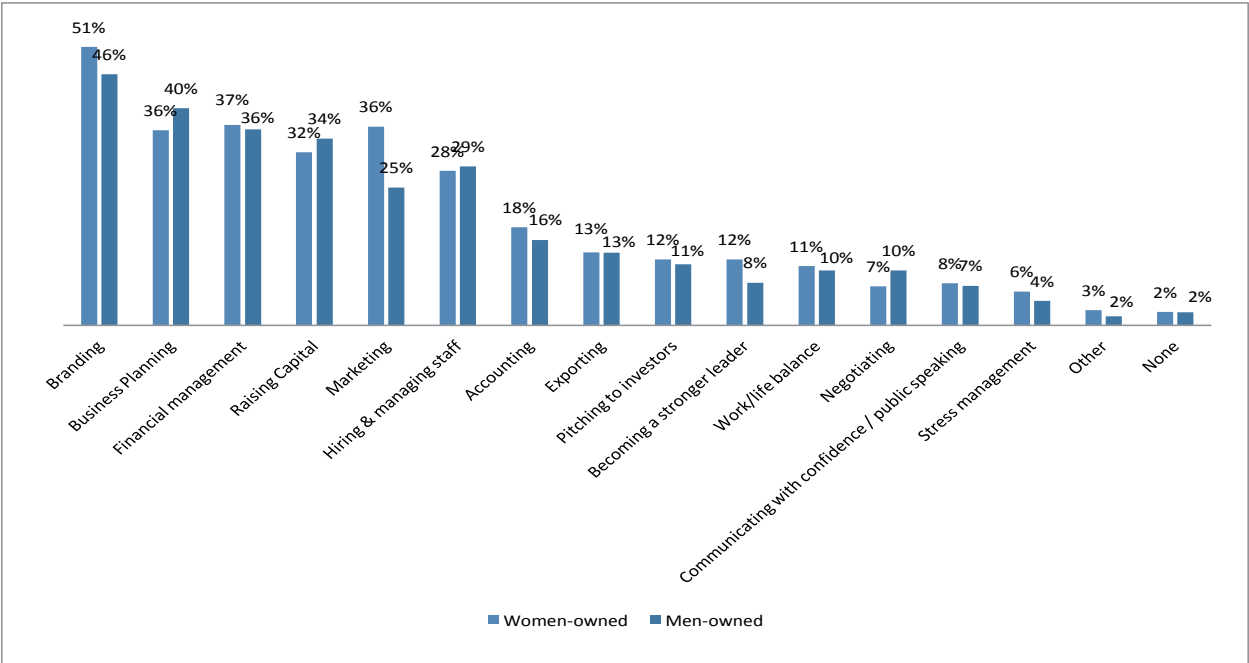
None of the banks said they had a coaching program, which could present an opportunity as studies have indicated that, especially for women-owned SMEs, coaching programs set up as small group sessions or “peer-to-peer coaching” are often highly appreciated and well-attended by women. This enables women to brainstorm about their business ideas, discuss their challenges, receive practical feedback, and build a stronger network of business allies.

³⁷ Sylvia Ann Hewitt, *Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth*, 2014, http://www.talentinnovation.org/_private/assets/HarnessingThePowerOfThePurse_Infographic-CTI.pdf

Looking Ahead

As business owners plan to grow aggressively over the next couple of years in a highly competitive market, their top priorities are: branding, sound financial management, business planning, and raising capital. Building a strong brand will be essential for them to retain market share and acquire new customers. Women are more interested in receiving technical assistance on marketing than men, possibly due to a greater involvement in online businesses and retail sectors that heavily rely on building a strong social media presence. Becoming a strong leader is also a higher priority among women than men entrepreneurs, which is likely due to the well-documented challenge for women leaders to strike the right balance between being liked and being respected (Lean In’s³⁸ “Navigating the Tightrope”³⁹) and overall higher levels of self-doubt and lower confidence levels, as highlighted above.

Figure 35: Top focus areas for business development support



SOURCE: Study Survey, 2017

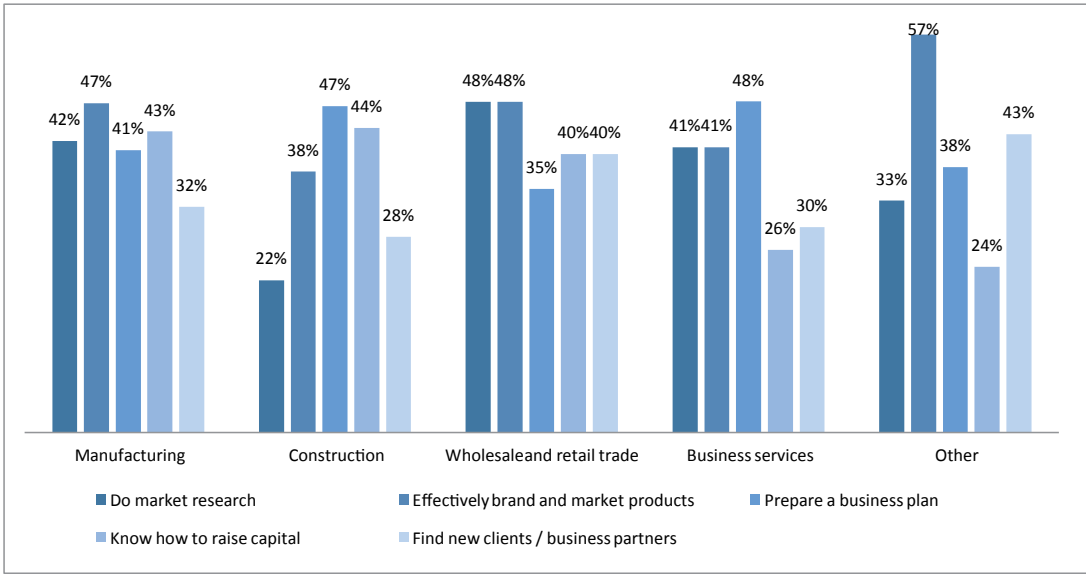
Business owners mostly seek advice from business partners, spouses, family, and friends, and less often from professionals or mentors. Women tend to seek advice from other women they are not related to (25%). Most entrepreneurs do not have a broad network of peers whom they can consult to share experiences and information, as indicated by low membership in business networks or associations (15% among women and 19% among men entrepreneurs). Business networks offer valuable opportunities to connect and learn. They also function as support groups and provide role models for entrepreneurs who do not have an immediate support group within their close circle of relatives and friends, or lack family support. This is particularly true for women entrepreneurs, who often face family pressure to seek a professional career, hold a secondary role in the family business, or limit their entrepreneurial ambitions to “something small”, per focus group findings. The rise of “Lean In” chapters across Asia⁴⁰ is a testament to the success of women-focused support groups aimed at building confidence and encouraging women to pursue their ambitions while relying on each other.

38 Lean In is a non-profit founded by Facebook COO Sheryl Sandberg and aimed at empowering women achieve their ambitions. www.leanin.org

39 <https://leanin.org/education/what-works-for-women-at-work-part-2-the-tightrope/>

40 There are 25 official Lean In chapters across Asia and a Lean In Asia platform that was launched in December 2016. <https://leanincircles.org/chapter/asia#circlelist>

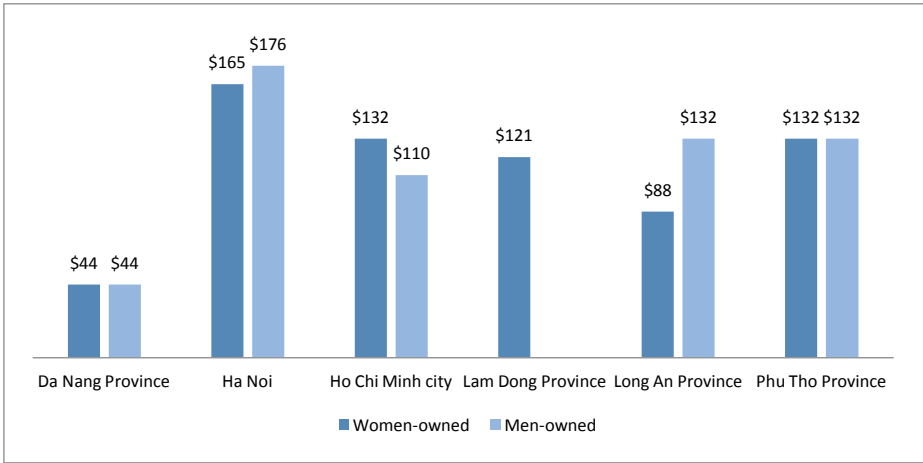
Figure 36: Top constraints experienced by women-owned enterprises by sector



SOURCE: Study Survey, 2017

As is the case for access to information, most business owners resort to friends, relatives and mentors to sharpen their business skills. The Internet is an additional option, particularly for those that read English and can therefore access greater resources. However, only about 5% of entrepreneurs are enrolled in online courses. Over 70% of business owners prefer face to face courses, and would dedicate up to four days a month for training. Entrepreneurs are willing to pay an average of USD 130 per month⁴¹ for business development support or training to improve business skills, with Hanoi-based entrepreneurs willing to pay the highest and Da Nang-based firms the lowest amounts (see Figure 37).

Figure 37: Willingness to pay for non-financial services by province (USDm)



Business consultants and experts are considered most suited to provide business development services, followed by banks in collaboration with business networks, and finally by business networks alone. The majority of business owners prefer a la carte training courses where they can choose what to focus on based on their needs, rather than committing to a full program covering a range of business topics. Women entrepreneurs expressed a preference for programs that are highly practical, tailored to specific sectors and markets, and include specific advice on local resources. They value workshops offered in partnership with enterprises, including large established businesses.

⁴¹ This value is calculated using the median of the amounts provided by people in the survey

Case Study: Innovative Products and Services for Women



In Lebanon, 97% of all enterprises are SMEs. These SMEs employ more than half of the nation's workforce. Although women are the sole owners of 41% of SMEs in Lebanon, they receive only a small fraction of all bank loans. To increase the level of SME financing for women entrepreneurs, the BLC Bank, in partnership with IFC, launched the Women Empowerment (WE) Initiative. BLC Bank and IFC first conducted detailed market research to define the specific gaps in financial and nonfinancial services that female entrepreneurs encounter in Lebanon. The research resulted in the creation of two mutually reinforcing products for supporting women entrepreneurs: the design of a series of financial and nonfinancial services, and the development and launch of internal capacity building and women's leadership programs.

Examples of the specialized products include the Mother's Fiduciary Account product, which enabled women to open fiduciary accounts ordinarily prohibited and name their minor children as beneficiaries without having to refer to the children's male legal guardians. Moreover, the BLC Cloud, Lebanon's first online banking platform, is a response to women's time and mobility restrictions.

Benefits for the bank:

- **As a result of the new offerings, the number of women SME borrowers grew by 82% and loans grew by 121%.**
- **The annual growth rate and return on assets for products launched under the WE Initiative consistently outperformed those of products sold to men.**
- **Rates of nonperforming loans decreased.**
- **The number of women employees at BLC has grown from 47% to 51%.**

SOURCE: IFC, *Investing in Women: New Evidence for the Business Case*, March 2017

5. Supply of finance to women-owned SMEs

This chapter presents the survey data collected on banks in Vietnam, and acts to supplement the market data presented in Chapter 4. The objective is to show the gaps between what women-owned SMEs need and what banks are currently offering, in terms of both financial and non-financial service

Vietnam’s banking sector

Vietnam’s banking sector consists of one social policy bank; four majority state-owned commercial banks; 34 private joint-stock private banks; two joint-venture banks; 51 representative offices of foreign banks; 49 branches of foreign banks; 17 financial companies; 11 financial leasing companies; and 5 wholly-owned foreign banks⁴².

A questionnaire was used as the primary instrument to collect information on the supply of financial and non-financial services to women-owned small and medium enterprises in Vietnam. Nine banks were selected for the survey based on their financial performance and high customer satisfaction ratings⁴³.

Banks define small and medium enterprises based on a company’s annual turnover. Each bank has its own definition, but overall, banks’ thresholds are higher than IFC’s; most enterprises classified as “medium-sized” by IFC are categorized as “small” by Vietnamese banks (see Table 11).

Table 11: Surveyed banks’ definition of SMEs

	Micro	Small	Medium
Bank 1	< VND 60 Billion	VND 60-200 Billion	VND 200-500 Billion
Bank 2	< VND 25 Billion	VND 25-50 Billion	VND 50-200 Billion
Bank 3	< VND 22 Billion	VND 22-100 Billion	VND 100-450 Billion
Bank 4	< VND 20 Billion	VND 20-500 Billion	VND 500-2000 Billion
Bank 5	< VND 20 Billion	VND 20-199 Billion	VND 200 > Billion
Bank 6	< VND 20 Billion	VND 20-600 Billion	VND 600 > Billion
Bank 7	< VND 15 Billion	VND 15-80 Billion	VND 400 > Billion
Banks 8 and 9	no definition	no definition	no definition
IFC	<VND 2 Billion	VND 2 – 68 Billion	VND 68 – 340 Billion

42 <https://www.export.gov/article?id=Vietnam-Banking-Systems> 11/2/2016

43 Based on Vietnam Banking Report 2016

Strategy and outlook

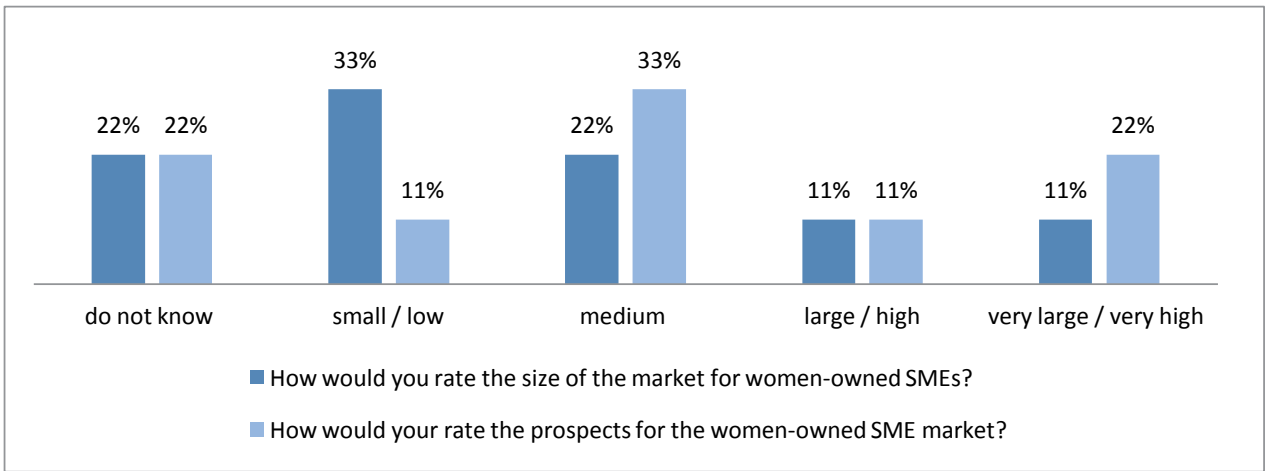
Three of the nine banks view women-owned small businesses as a good market opportunity and are positive about the prospects of entering this market. Their outlook was summarized by one survey respondent, "From our perspective, there are no specific challenges in serving women-owned SMEs because the gender equality in Vietnam has been advanced in recent years. In general, business owners (women or men) are facing similar challenges." These banks have either already developed a specific strategy to serve women-owned SMEs or are considering it. Only one bank has developed a specific product for women entrepreneurs and is currently piloting it in collaboration with women's associations. Regardless, it may behove all of them to review the various examples from banks in both developed and emerging economies that have successfully designed and implemented access to finance programs for women customers, such as Wells Fargo in the United States⁴⁴, Westpac in Australia⁴⁵, and BLC Bank in Lebanon⁴⁶. These banks' strategies work on offering holistic value propositions to their women customers by investing in understanding their personal and business financial needs and serving them accordingly. Some offer unsecured loans for women entrepreneurs and some focus on offering a comprehensive and tailored range of non-financial services, such as: online platforms to share useful business information; business match-making services where women-owned business clients are matched to potential partners, suppliers, customers; and business networking events for women entrepreneurs. (see the Case Study on page 45 for specific examples of products and services tailored to women entrepreneurs).

Six of the nine banks interviewed do not see the women-owned SME segment as a priority, believing it to be small with low sales prospects (see Figure 38). The reasons cited by these banks include the following:

- Their current operations are small and they have limited capital;
- They have limited management systems in place;
- There is price sensitivity, leading to lower interest in borrowing;
- There would be greater expectations for counselling and costly non-financial services from the banks (e.g., trainings);
- Women have a lack of knowledge regarding financial information and products and thus a greater need for support; and
- Women have difficulty in balancing professional and family responsibilities, resulting in slower growth.

These misconceptions have been addressed in the Executive Summary and on pages 52-53.

Figure 38: Financing for women-owned SMEs: market size and prospects



44 <https://www.ifc.org/wps/wcm/connect/848dof80488553aoafe4ff6a6515bb18/Women%2BEntrepreneurs%2Band%2BAccess%2Bto%2BFinance.pdf?MOD=AJPERES&CACHEID=848dof80488553aoafe4ff6a6515bb18>
45 <https://www.westpac.com.au/business-banking/women-in-business/>
46 http://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/middle+east+and+north+africa/resources/blcbank-lebanon

Loan Portfolio

Only two of the nine banks track the gender of the owner for their business clients; three provided data on their SME loan portfolios, showing average loan amounts equal to 1.8 billion VND, or about USD 79,000. The survey did not provide any conclusive data on the percentage of SME financing that goes to women-owned enterprises.

Banks are satisfied with the quality of their SME portfolios and rate the quality of their SME loans as ‘good’. The ratio of non-performing loans ranges from less than 1% to 1.8%. Three banks also rated the quality of their women-owned SME portfolio as ‘good’, with one bank reporting lower NPL percentages for women-owned SMEs, at 0.95% versus 2.17% for men-owned. The contribution of the SME loan portfolio to banks’ net income varies considerably, from 13% to 40%. The contribution of the women-owned business portfolio to net income is estimated at 3-4% by two banks.

Figure 39: SME Portfolio of Three Banks Surveyed

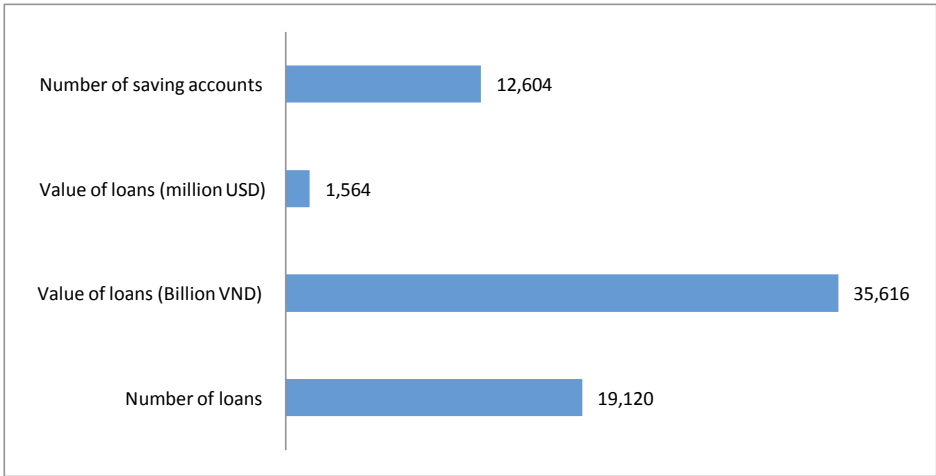


Table 12: SME Portfolios

	Total SME loans to total loans	Total women-owned SMEs to total SME loans
Bank 1	13%	4%
Bank 2	15%	3%
Bank 3	40%	No info

Products and Services

Figure 40 shows the range of bank products available to small businesses in Vietnam. Banks indicated that the products most in demand among women-owned SMEs are working capital loans, medium and long-term loans, payment accounts, and card services.

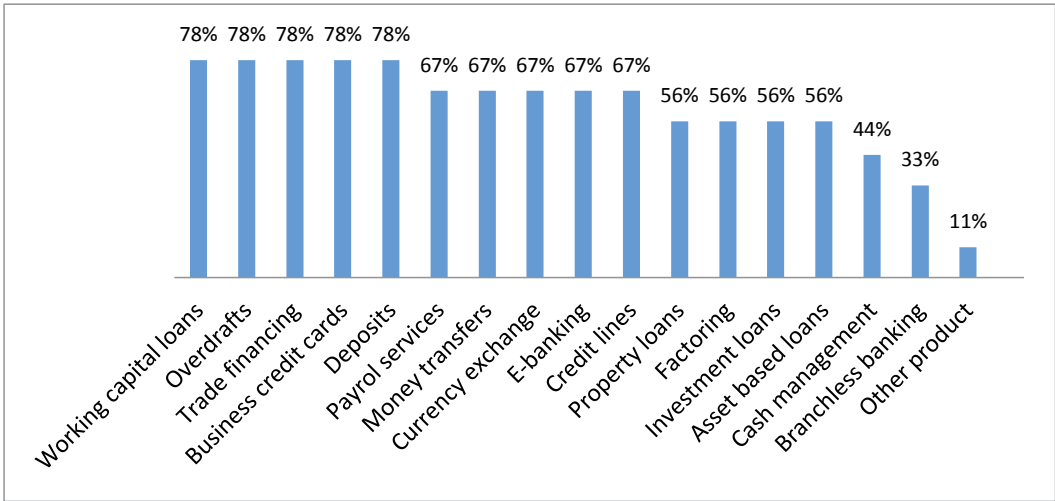
Some banks partnering with development agencies and international finance institutions to expand their SME work. Lienviet has received a UNCDF grant to develop an e-wallet product targeting low-income women entrepreneurs, and is a recipient of the Small and Medium Enterprises Finance Program (SMEFP III) for on-lending to SMEs, financed by the Japan International Cooperation Agency and managed by the State Bank of Vietnam⁴⁷. VP Bank partners with IFC’s Banking on Women Program and Goldman Sachs’ 10,000 Women to target women-owned SMEs in Vietnam under the Women Entrepreneurs Opportunity Facility (WEOF) which aims to help close the global credit gap for women-owned enterprises⁴⁸. It also has a partnership with Alibaba to offer customers a co-branded business card and trade financing⁴⁹.

47 <http://shift.uncdf.org/vi-viet-e-wallet-lienvietpostbank-vietnam-have-500000-women-financially-included-2018>

48 <https://ifcextapps.ifc.org/ifcext%5Cpressroom%5Cifcpressroom.nsf%5C%5C%5C9C3DFD9170Do37A38525802D001493E2>

49 <http://www.vpbank.com.vn/bai-viet/thong-cao-bao-chi/vpbank-cung-dai-ly-cua-alibaba-sang-lap-lien-minh-ho-tro-xuat-khau-viet>

Figure 40: Products requested by SMEs according to surveyed banks



Banks report that the use of online banking services is increasing among both women-owned and men-owned enterprises, due to faster transaction times and the opportunity to save travel time. Both groups have also increased their use of e-wallet and online lending options. Banks report no noticeable differences between the two segments in the use of mobile banking services. However, as only one bank tracks gender-disaggregated data, this is based more on personal observations than systematic data collection.

The use of mobile banking services and specific preferences were investigated through the survey of 500 entrepreneurs and focus group discussions. Findings were presented and discussed in Chapter 2.

Women bank employees

Women represent approximately 57% of total bank staff in Vietnam. While the percentage decreases in the more senior ranks at each of the nine banks surveyed, women still fill around 30% of executive level positions. This is higher than the 21% global average in the financial services industry⁵⁰, and consistent with recent data⁵¹ showing women better-represented at managerial levels in banking in several Southeast Asian countries than in Europe or Australia. In the European Central Bank, only 27% of managers are women, while fewer than 33% of the Reserve Bank of Australia’s managers are female. In the Philippines, Thailand and Malaysia, almost 66% of managerial staff is female⁵².

Female bankers constitute a large pool of potential champions and agents of change for investing in women-owned SMEs. There is a need to raise awareness and sensitize bank staff about the specific needs and opportunities presented by women-owned enterprises, and to create a cadre of insider champions that can drive a strategy and refine understanding of this segment. These champions are best placed for addressing and promoting the particular products and services that WSMEs need.

Strong female representation at mid-, senior-, and executive levels is an excellent starting point for reframing the opportunity of serving women-owned enterprises. However, female staff cannot be expected to carry the torch alone. The experience of institutions the world over^{53,54}, has shown that change is not likely to happen unless senior and executive-level male staff, who represent the majority, are actively engaged and effectively championing change within the institution.

50 Oliver Wyman, Women in Financial Services 2016. Available at http://www.oliverwyman.com/content/dam/oliver-wyman/global/en/2016/june/WiFS/WomenInFinancialServices_2016.pdf
51 <https://www.bloomberg.com/news/articles/2017-02-13/women-central-bank-bosses-outnumber-men-in-south-east-asia>
52 Ibid
53 Jennifer Anne de Vries, (2015) "Champions of gender equality: female and male executives as leaders of gender change", Equality, Diversity and Inclusion: An International Journal, Vol. 34 Issue: 1, pp.21-36, <https://doi.org/10.1108/EDI-05-2013-0031>
54 Catalyst, Engaging Men in Gender Initiatives, 2009, <http://www.catalyst.org/knowledge/engaging-men-gender-initiatives-what-change-agents-need-know>

Figure 41: Male and female employees at surveyed banks

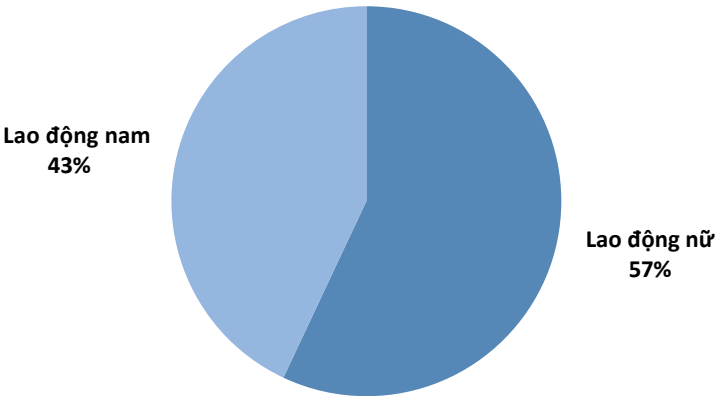


Table 13: Percentage of women executives

Executive Level			
	Men	Women	Women's representation
Bank 1	22	6	27%
Bank 2	8	2	25%
Bank 3	13	3	23%
Bank 4	11	4	36%
Bank 5	15	8	53%



Finance Gap

The difference between supply of and demand for financing is estimated at USD1.19 billion for women-owned enterprises and USD4.72 billion for men-owned enterprises, bringing the total financing gap for SMEs to an estimated USD5.91 billion. The data, disaggregated by gender and enterprise size, is provided in the table below.

Table 14: Credit gap for SMEs in Vietnam

	Enterprise	Women-owned		Men-owned		All SMEs	
		VND Billion	USD Million	VND Billion	USD Million	VND Billion	USD Million
Total Credit GAP	All SMEs	- 27,131.05	-1,191.05	- 107,612.51	- 4,724.19	- 134,743.56	- 5,915.24
	Small	- 22,948.27	-1,007.43	- 91,722.10	- 4,026.60	- 114,670.36	-5,034.03
	Medium	-4,182.78	-183.62	- 15,890.41	- 697.59	- 20,073.19	- 881.21
Average Credit GAP	All SMEs	-1.13	- 0.05	- 1.09	- 0.05	- 1.06	- 0.04
	Small	-1.06	- 0.05	- 1.03	- 0.04	- 1.00	- 0.04
	Medium	1.80	- 0.08	- 1.56	- 0.07	- 1.56	- 0.07

SOURCE: Study Survey, GSO

The finance gap was calculated based on estimates of available bank credit to women and men-owned SMEs and their financing needs. The average value of outstanding loans was used as proxy to determine average financing needs. This calculation takes into consideration differences in gender of owner and size of enterprise. Similarly, the average loan values are similar across sectors and this is reflected in our methodology (see Annex 1 for a full description of our methodology in calculating the finance gap).

The demand for financing was calculated on the estimate that 60% of women-owned SMEs and 70% of men-owned SMEs would access bank loans if they could. This is based on several factors: the percentage of SMEs that have taken a business loan from a bank since business inception (about 54% of women and 60% of men); the percentage of entrepreneurs that report having enough cash flow and no need to borrow (24% of women and 19% of men); and the finding that SMEs would like more finance than what they currently access. This estimate recognizes that male entrepreneurs have a slightly higher demand for bank financing, and that some entrepreneurs will still prefer to borrow from family and friends even if eligible for bank loans.

The supply of financing – the amount of bank financing that SMEs are currently accessing – was estimated based on the value of outstanding loans revealed through this survey, maintaining the same proportion of enterprises that have accessed bank finance in the past two years (about 37% for women- and 47% for men-owned enterprises). Thus, this survey estimates a supply of bank credit of VND 37.98 trillion for women-owned SMEs and VND 193.7 trillion for men-owned SMEs (or about USD1.66 billion and USD8.5 billion, respectively). The total financing needs of women-owned enterprises amounts to USD2.85 billion, while men-owned businesses would require USD13.22 billion in financing. Total financing needs for SMEs in Vietnam are estimated at USD16.09 billion.

Debunking the top seven myths about women-owned SMEs

Myth 1: Women entrepreneurs are more risk averse than men in seeking finance

Survey findings show that the level of risk-taking in seeking financing is very similar between female and male owners of small and medium businesses. About half of female and male business owners think that a good time to apply for a loan is when they have a business idea that might be successful and needs funding. A third of both female and male business owners prefer to apply for a bank loan when they already have good sales and know that there is demand for their products/services. While there is no difference in risk-taking levels when it comes to bank loans, studies show^{55,56} that women approach risk differently than men because of their focus on long-term goals and greater awareness of risk. In other words, they tend to measure and analyze risk more meticulously, rather than simply following their intuition.

Myth 2: Women only focus on small businesses “on the side”

The average revenue of SMEs led by women and men is very similar, based on the GSO 2015 survey of over 181,000 firms. Women-owned small businesses have average annual revenues of USD548,000, versus USD543,000 for those led by men. For medium-sized businesses, women-led firms have average revenue of USD5.69 million versus USD5.76 million for those led by men. Taking revenue as proxy for size of business, women and men own businesses of very similar size. Women- and men-owned businesses have also very similar plans for the upcoming two years, focusing on increasing production (78% of women versus 77% of men) and introducing new products and services (12% of women and 10% of men).

Myth 3: Women with children don't have time to lead a business

Over 90% of those surveyed is married or has been married in the past. While family responsibilities are important and were indicated as a challenge by some, most of the women entrepreneurs interviewed are able to successfully juggle business and family responsibilities by extensively relying on family and external support. Limited time and family responsibilities are the least frequent challenges cited by women entrepreneurs. More and more women start and build their business while still single and build a team they can lean on later – in this survey, women entrepreneurs in small businesses have an average of thirty employees. Evidence⁵⁷ has also shown that motherhood has several benefits for business owners, such as the increased ability to work under pressure, negotiating more effectively (because the stakes are higher), and greater resilience to weather ups and downs.

Myth 4: Women have other priorities and are less likely than men to pay back loans

Another perception about women entrepreneurs is that, once they have a family of their own, they face so many other priorities that they might slip on repayment of their business loans. Survey findings show that this is not the case, with banks reporting lower non-performing loans among women entrepreneurs (one bank reported NPLs of 0.95% for women-owned SMEs versus 2.17% for men-owned SMEs) and women typically proving more conscientious borrowers than men.

⁵⁵ Kathy Kristof, From Kiplinger's Personal Finance, April 2016. Available at <https://www.circlewm.com/Kiplinger-TheSecretsofWomenInvestors.pdf>

⁵⁶ Wells Fargo, Women and Investing, 2017. Available at <https://www.wellsfargomedia.com/assets/pdf/personal/investing/investment-institute/women-and-investing-ADA.pdf>

⁵⁷ <https://www.fastcompany.com/3028299/5-reasons-moms-make-great-entrepreneurs> ; <https://www.entrepreneur.com/article/245782> ; <https://www.forbes.com/sites/elanagross/2017/05/14/rosie-pope-on-entrepreneurship-motherhood-and-confidence/#34ode65610e1>

Myth 5: Women only work in family businesses and most are owned by men

A widely-held perception in Vietnam is that women mostly work in family businesses and that while women might manage a business, it is usually owned by men. In this survey, out of the 322 women-led businesses, only 8% are owned by or with a family member of the top manager. In 25% of the cases, a woman leads a business owned by a female non-family member.

Myth 6: Women need more financial education than men

A common misperception is that women have lower financial management skills and need more financial education. This is a view commonly held among bank staff and even among some women entrepreneurs themselves. This survey however found that women and men believe they require the same level of support when it comes to financial management, and that the issue is more about women disliking the length and complexity of bank application forms. This corresponds to international experience of women being less satisfied with their banks and financial advisors on average than men, and having lower levels of self-confidence and more doubts about their financial acumen and ability to interpret financial jargon. Studies indicate that women tend to require more information before making a decision and want to make sure that they understand everything, while men are comfortable with less information. This makes women appear less knowledgeable, both to the bank staff they are dealing with and in their own perception. A July 2017 report by Wells Fargo found that in general women feel less confident in their ability to invest than men do, even though women often have more financial experience than they give themselves credit for having. In the case of Vietnam, this should be easily addressed, as gender differences in education are very small at all levels (over three quarters of women entrepreneurs interviewed in our sample have a university degree), and particularly as women are heavily represented in finance. According to one respondent, "The CFO is a woman's job in Vietnam."

Myth 7: Women don't have time for learning and networking

Women are eager to improve their business skills and are willing and able make time for it. Women tend to seek advice from women they are not related to more than from male non-relatives. They are interested in practical capacity building programs to sharpen their business skills (branding, marketing, and managing staff above all) and are willing to pay up to USD130 a month for high-quality courses. Several networking and support platforms for women-owned enterprises are active and popular in Ho Chi Minh City and Hanoi.

6. Conclusions

Vietnam's women own 95,906 or about 21% of formal enterprises, bringing a considerable contribution to the domestic economy and employment levels. The majority (57% or 55,049) are microenterprises; 42% or 44,003 are SMEs (the focus of this study); and 1% or 854 are large enterprises⁵⁸. They operate across sectors, including in traditionally male-dominated fields such as construction, and have annual revenue levels similar to those of male business owners. Throughout the country, women-owned small businesses have been growing at the enviable pace of over 20% over the past two years, and owners anticipate similar or higher levels of revenue growth in the next couple of years, as Vietnam continues to experience high levels of economic growth and foreign investment.

However, there are areas that need to be addressed in order to realize the full potential of women-owned enterprises and their possible contributions to the economy. There is a need to facilitate access to bank financing in a way that makes sense to women customers, and provides some value-added services to draw them in and keep them coming back. By focusing in on the financial behaviors of women and men-owned SMEs, this survey has studied gender patterns and brought to light a number of nuances in financial needs, currently not recognized and responsible for a degree of dissatisfaction in dealing with banks, particularly among women.

Women entrepreneurs find navigating loan application procedures particularly complicated and time-consuming. Complying with complex business regulations is also particularly discouraging to women entrepreneurs who often lack confidence to navigate the financial jargon. Women rate the importance of having strong customer service higher than men, suggesting that they might not have felt fully valued and appreciated as customers in the past. Women entrepreneurs are more likely to want one bank officer to handle both their personal and business accounts as they more often use personal financial products to finance their firm. Also, female business owners receive smaller loan sizes than men for comparable levels of annual revenues and this is a key reason for changing banks.

There is a substantial demand for bank financing from female business owners that is currently unmet. While just over 30% of women-owned enterprises are utilizing bank loans, this survey estimates that this percentage could be as high as 60% if banks were more responsive to women's needs and had strategies and services that recognized them as a distinct segment. Furthermore, conscious and unconscious biases on the part of bank staff and the women themselves are responsible for low levels of access to bank financing. As a result, women-owned enterprises have not grown as much as they could, and banks are missing an opportunity to grow with them. One thing that would help banks understand and connect with business women is having more women in their own management structures, who are sensitized to the nuances in financial needs and the opportunity that women entrepreneurs offer. Currently, though banks have a high percentage of women employees, only 30% of the executive management is female.

Banks have not yet adopted outreach and service strategies that recognize the distinct needs and preferences of women who own or manage small businesses. Three banks are considering a tailored approach to the women in business market, and working to determine how best to execute such a strategy. More generally, though, most banks do not see any difference between female and male business owners in their demand for or decision making about financial services. Instead, they treat all small business owners as a homogenous group, and typically do not collect and analyze gender-disaggregated data. Only one bank in this study looked at the performance of loans to women-owned enterprises, and in fact, it found lower non-performing loans among this group compared to similar male borrowers.

⁵⁸ Following the IFC definition of enterprises, i.e., Microenterprises have revenues of less than USD 100,000 per annum; SMEs have annual revenues between USD 100,000 and USD 15 million; and large enterprises have annual revenues over USD 15 million

The growth of women-owned enterprises has also amplified the importance of belonging to business networks as a way to access useful information, make valuable connections, and share experiences. Women tend to seek advice from other women more often than from men, and this study showed that those with strong business networks demonstrate clear advantages of membership. This corresponds to international experience and research on the benefits of actively participating in business networks that cater to specific groups or industries. However, the number of women-owned enterprises belonging to a business network or an association in Vietnam remains very low at 15% – meaning most women entrepreneurs lack a broad business network and peer support group as they grow their firms. Women-owned enterprises outside of Hanoi and Ho Chi Minh City are most in need of stronger platforms for networking, knowledge sharing, and finding role models. Hanoi and Ho Chi Minh City have the most networks, innovative programs, and associations of any significant size. Supporting and strengthening such networks and encouraging more women-owned enterprises to join would likely open up new business opportunities for banks and women alike, raise business women's confidence levels, and spur faster growth.

This study was challenged by the lack of bank data on size and performance of their loan portfolios to SMEs. As this study was not able to collect data on financing provided to SMEs and many banks are not willing to share information on their loan portfolios, data gaps were mostly filled with information collected from entrepreneurs that took part in the survey. A deeper analysis of SME loan portfolios and overall transactions with SMEs will likely uncover additional insights into the level of financing to women-owned SMEs by product, portfolio performance by product, and reasons for declining loan applications. More detailed information and a full picture of current level of financing will help inform the design and implementation of a tailored strategy for any bank seeking to invest in this segment.

7. Recommendations

Banks

Recognize women-owned SMEs as a strategic customer segment: Women-owned SMEs is a distinct segment deserving its own dedicated strategy. Women entrepreneurs have less access to bank loans and even those that do appear to receive less financing than they need. This presents a large business opportunity for banks, which are currently under-serving this market. When it comes to credit – the most requested bank product among SMEs – there is room for flexibility in loan tenor and collateral requirements. Banks could also improve their services to business women by simplifying loan application procedures and document requirements, streamlining processes, and being more transparent about fees.

Invest in training staff on the gender dimension of banking: Women are less satisfied with bank services than men and while banks perceive women to be less financially savvy, this report has instead identified signs of lower levels of self-confidence among women and more doubt about their financial acumen and ability to interpret financial jargon, which makes them appear less knowledgeable. This is in line with international experience⁵⁹. Gender sensitization training for bank staff would improve the gender dimension of banking, i.e., gender differences in needs, preferences, and financial behavior. It would also help to counter the unconscious biases that impact service delivery.

Strengthen business development support for women-owned SMEs: Women are optimistic about their business prospects and ambitious in their growth targets. They actively seek opportunities to access business information, expand their networks, and explore access to new markets. Women-focused platforms have gained in popularity and proved demand exists for such services. Networking events offer opportunities to make valuable connections and share knowledge and experience. They also provide women entrepreneurs with role models, which are particularly relevant for younger entrepreneurs or those less exposed to businesswomen in their family or friends' network. Banks could supplement their financial services offerings to women-owned enterprises with relevant non-financial services or business development support. This could be a cost-effective solution to retain existing customers, acquire new ones, and strengthen brand equity.

Track gender-disaggregated data on SME performance. Individual banks would benefit from collecting gender-disaggregated performance data on their SME clients (e.g., repayment rates, organizational changes, revenue and employment growth, expansion to new markets). This study has revealed that perceptions about women-owned SMEs are unsubstantiated and underestimate women entrepreneurs. By collecting sufficient gender-disaggregated data, banks will be able to build a better risk profile for their SME customers and match supply accordingly.

⁵⁹ Sylvia Ann Hewitt, *Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth*, 2014. Available at http://www.talentinnovation.org/_private/assets/HarnessingThePowerOfThePurse_Infographic-CTI.pdf

Annexes

- I. Finance Gap Estimation
- II. Survey Methodology
- III. References

Annex I: Finance Gap Estimation

Supply of Financing

The State Bank of Vietnam does not publish data on the amount of bank financing to SMEs and most banks are unwilling to provide such information. This study estimated the supply of bank financing to SMEs and women-owned SMEs using two main sources:

1. Survey of banks;
2. Government and industry sources.

Survey of banks

Based on the survey, women-owned small enterprises receive an average bank loan amount of VND 2.54 billion (or USD 111,500), while women-owned medium-sized enterprises receive VND 4.33 billion (or USD 190,100). Men-owned small enterprises receive slightly larger loans on average at VND 2.89 billion (or USD 126,900), and men-owned medium-sized enterprises at VND 4.37 billion (or USD 191,800).

Notably, 37% of women- and 47% of men-owned businesses have accessed bank loans in the past two years. Thus, we assume that this is the percentage of SMEs accessing bank finance. Multiplying the average loan size by the percentage of female and male entrepreneurs who have bank financing results in an estimate of the outstanding bank credit of VND 231.69 trillion (or USD 10.17 billion) of which women-owned SMEs account for VND 37.98 trillion (or USD 1.67 billion) and men-owned SMEs VND 193.7 trillion USD (or USD 8.5 billion).

Table 15: Bank survey, loan size and outstanding credit

	Enterprise	Women-owned		Men-owned		All SMEs	
		VND Bn	USD Mln	VND Bn	USD Mln	VND Bn	USD Mln
Average loan size	Small	2.54	0.1115	2.89	0.1269		
	Medium	4.33	0.1901	4.37	0.1918		
Average Outstanding Credit	Small	32,127.57	1410.40	165,099.78	7,247.88	197,277.35	8,658.28
	Medium	5,855.89	257.07	28,602.74	1,255.66	34,458.63	1,512.73
Total Outstanding Credit	All SMEs	37,983.46	1,667.47	193,702.52	8,503.54	231,685.98	10,171.01

SOURCE: Own Survey; GSO data

Government sources and industry guidelines

Another way to estimate bank financing to SMEs is based on government sources and industry guidelines. These show total loans outstanding to SMEs averaging about 25% of total loans outstanding to the entire economy for the period 2011-2015, and at 23% as of December, 2015⁶⁰ or VND 1,052,000 billion. Based on this and on the 10% average growth rate of banks' loan portfolios, bank financing to SMEs is estimated to reach VND 1,106 trillion (about USD 44.28 billion) by December 2017. This estimate of total bank financing to SMEs is about five times the estimate based on the bank survey. The difference is attributed largely to:

1. The use of different criteria to define SMEs by IFC, commercial banks, and government agencies. Banks serve SMEs with annual sales turnover beyond the IFC SME definition used in this survey. This means that larger enterprises with larger financing needs are included;
2. The focus on privately-owned enterprises in this study; and
3. The focus on outstanding credit that gives a snapshot of current levels of financing.

It is likely that total bank financing channeled to SMEs is lower than 20%.

⁶⁰ 22 April 2016. From the website of Procurement Newspaper, the official Newspaper of Ministry of Planning and Investment: <http://baodauthau.vn/doanh-nghiep/khoi-thong-dong-von-cho-doanh-nghiep-nho-va-vua-21396.html>

Demand for Financing

The demand for financing was estimated by multiplying the average outstanding loan amount by the number of enterprises that this study expects to access bank loans if they could (i.e., 60% of women-owned SMEs and 70% of men-owned SMEs), based on the finding that about 54% of women- and 60% of men SME owners have taken a business loan from a bank in the past and that more had wanted to but could not. The total financing needs of SMEs is estimated at VND 366.43 trillion (or USD 16.09 billion) of which women and men account for VND 65.11 trillion (or USD 2.86 billion) and VND 301.32 trillion (or USD 13.23 billion), respectively.

Table 16: Loan size versus financing needs

	Enterprise	Women-owned		Men-owned		All SMEs	
		VND Bn	USD Mln	VND Bn	USD Mln	VND Bn	USD Mln
Average loan size	Small	2.54	0.1115	2.89	0.1269		
	Medium	4.33	0.1901	4.37	0.1918		
Total Financing Needs*	Small	55,075.84	2,417.83	256,821.87	11,274.48	311,897.71	13.69
	Medium	10,038.67	440.70	44,493.16	1,953.25	54,531.83	2.39
	All SMEs	65,114.51	2,858.53	301,315.03	13,227.73	366,429.54	16.09

SOURCE: Survey; GSO data

* 60% of women-owned SMEs and 70% of men-owned SMEs are estimated to require bank financing

Financing Gap

The difference between supply of and demand for financing, or the financing gap, is estimated at VND 134.74 trillion (or USD 5.92 billion) of which women-owned SMEs account for VND 27.13 trillion (or USD 1.19 billion) and men-owned SMEs VND 107.61 trillion (or USD 4.72 billion).

Table 17: Credit gap by gender, SME size

	Enterprise	Women-owned		Men-owned		All SMEs	
		VND Billion	USD Mln	VND Billion	USD Mln	VND Billion	USD Mln
Total Credit GAP	All SMEs	- 27,131.05	-1,191.05	- 107,612.51	- 4,724.19	- 134,743.56	- 5,915.24
	Small	- 22,948.27	-1,007.43	- 91,722.10	- 4,026.60	- 114,670.36	-5,034.03
	Medium	-4,182.78	-183.62	- 15,890.41	- 697.59	- 20,073.19	- 881.21
Average Credit GAP	All SMEs	-1.1304	- 0.0496	- 1.0865	- 0.0477	- 1.06056	- 0.046559
	Small	-1.0583	- 0.0465	- 1.0321	- 0.0453	- 1.00	- 0.044095
	Medium	1.8042	- 0.0792	- 1.5607	- 0.0685	- 1.56	- 0.068384

SOURCE: Survey; GSO

Annex II: Survey Methodology

SME Survey

The primary source of firm-level data is the 2015 General Statistics Office of Vietnam Enterprise Census. Enterprise directories, provincial business associations, and women's networks were also consulted. The 2015 Enterprise Census reported a total of 452,967 formal enterprises. For the purpose of this study, data on these enterprises was analyzed and disaggregated based on the IFC SME definition (i.e., enterprises with annual sales turnover of between USD 100,000-15 million). Thus, the study eliminated micro (i.e., annual sales turnover of <USD 100,000) and large (i.e., annual sales turnover >USD 15 million) enterprises, resulting in 181,499 SMEs of which 40,003 are women-owned and 141,496 are men-owned (see Table 6).

The sample of 500 SMEs, of which 322 are women-owned and 178 are men-owned (see Table 3), was built from the total universe of SMEs nationwide through a semi-random sampling method. The surveyed enterprises were randomly selected within a pre-defined sample of about 8,600 enterprises that met the aforementioned IFC SME definition used in this study. The General Statistics Office defines women-owned enterprises as having a woman top manager. Thus, potential respondents were further screened and selected for a full survey if they satisfied the IFC definition for a woman-owned business i.e., 51% of the business is owned by a woman or women, or else 20% is owned by women, with at least one (or) woman in a top management role (CEO/ COO), and at least 30% of the board of directors is comprised of women (where a board exists).

The number of businesses selected for interview in each region and in each of the three main sectors (industry, services, and agriculture) was proportionate to the share of all SMEs in each region or sector: 52.9% in services; 45.6% in manufacturing; and 1.5% in agriculture, forestry, and fishery. This proportion was therefore maintained when building the sample.

Within each region, priority was given to provinces with the highest concentration of SMEs: Phu Tho, Da Nang, Lam Dong, HCMC, and Long An. The share of women-owned and male-owned SMEs (WSMEs and MSMEs in Table 15) interviewed in each province was set at 60% and 40%, respectively.

The screening process followed a standard questionnaire to ensure that selected SMEs met the eligibility requirements of the study. Eligible SMEs were asked to participate in individual mobile/ tablet-based interviews. The screening process revealed incorrect contact information and enterprises that were no longer operational (29%). The overall response rate was around 12%⁶¹. The tables below present the response rate by province and sector.

Table 18: Response rate by provinces by percentage

	1	2	3	4
Hanoi	14%	18%	38%	31%
Phu Tho	19%	14%	22%	45%
Da Nang	22%	17%	36%	25%
Lam Dong	17%	25%	29%	29%
HCM	8%	23%	43%	26%
Long An	11%	14%	39%	37%
Average	12%	20%	39%	29%

⁶¹ Around one-third (~35%) of total contacted firms were recorded systematically. It is noted that the screening process of each sub-category is completed when the number of enterprises to be surveyed, as defined in the sampling table above, are secured; thus, not all the enterprises in the sampling frame were contacted for interviews.

Table 19: Response rate by sectors by percentage

	1	2	3	4
Agriculture	16%	5%	11%	68%
Manufacturing	11%	19%	38%	32%
Service	13%	21%	40%	25%
Average	12%	20%	39%	29%

Note:
1 = eligible, secured interviews/successful
2 = call backs required to arrange interviews
3 = refused
4 = wrong contacts/ceased operations

The surveys were conducted from February to May 2017.

Table 20: Women- and men-owned SMEs interviewed, by location and sector

Province	Total	Of which		Of which		Of which		
		Small	Medium	WSME	MSME	Agriculture	Manufacturing	Service
Hanoi	192	182	10	124	68	5	78	109
Phu Tho	31	29	2	16	15	-	13	18
Da Nang	74	67	7	43	31	-	28	46
Lam Dong	13	13	-	10	3	1	2	10
HCM	154	140	14	107	47	3	72	79
Long An	36	28	8	22	14	3	15	18
Total	500	459	41	322	178	12	208	280

Focus Group Discussions

The SME survey was supplemented with eight focus group discussions with women SME owners (Table 16). In addition, six individual interviews were conducted in Ho Chi Minh City. In total, the study reached 72 women for qualitative information. Table 11 provides a breakdown of focus group participants by region.

Table 21: Location of the Focus Group Discussions

Region		Province	#FDGs	Number of participants	Individual interviews
Northern	Red River Delta	Hanoi	3	10, 7, 7	
		Hai Duong	2	10,9	
Central	South Central Coast	Da Nang	1	11	
Southern	South East	Ho Chi Minh City			6
	Mekong River Delta	An Giang	1	6	
		Can Tho	1	6	
	Total		8	66	6

Five focus groups had participants with annual sales turnover of VND 2-68 billion, and three groups with VND 95-108 billion. The turnover per participant ranged from VND 2-500 billion. It should be noted that there were participants who were unwilling to provide this information.

Participants were between 25 to 66 years old with the average age per focus group ranging from 36 to 54. Participants represented manufacturing, construction, agriculture and services sectors.

Focus Group Discussions in Hanoi and Hai Duong



Focus group discussions covered four main topics: (i) Sources of financing and financing needs; (ii) Experience with banks; (iii) Non-financial service needs; and, (iv) Overall experience of being a women entrepreneur.

Bank Survey

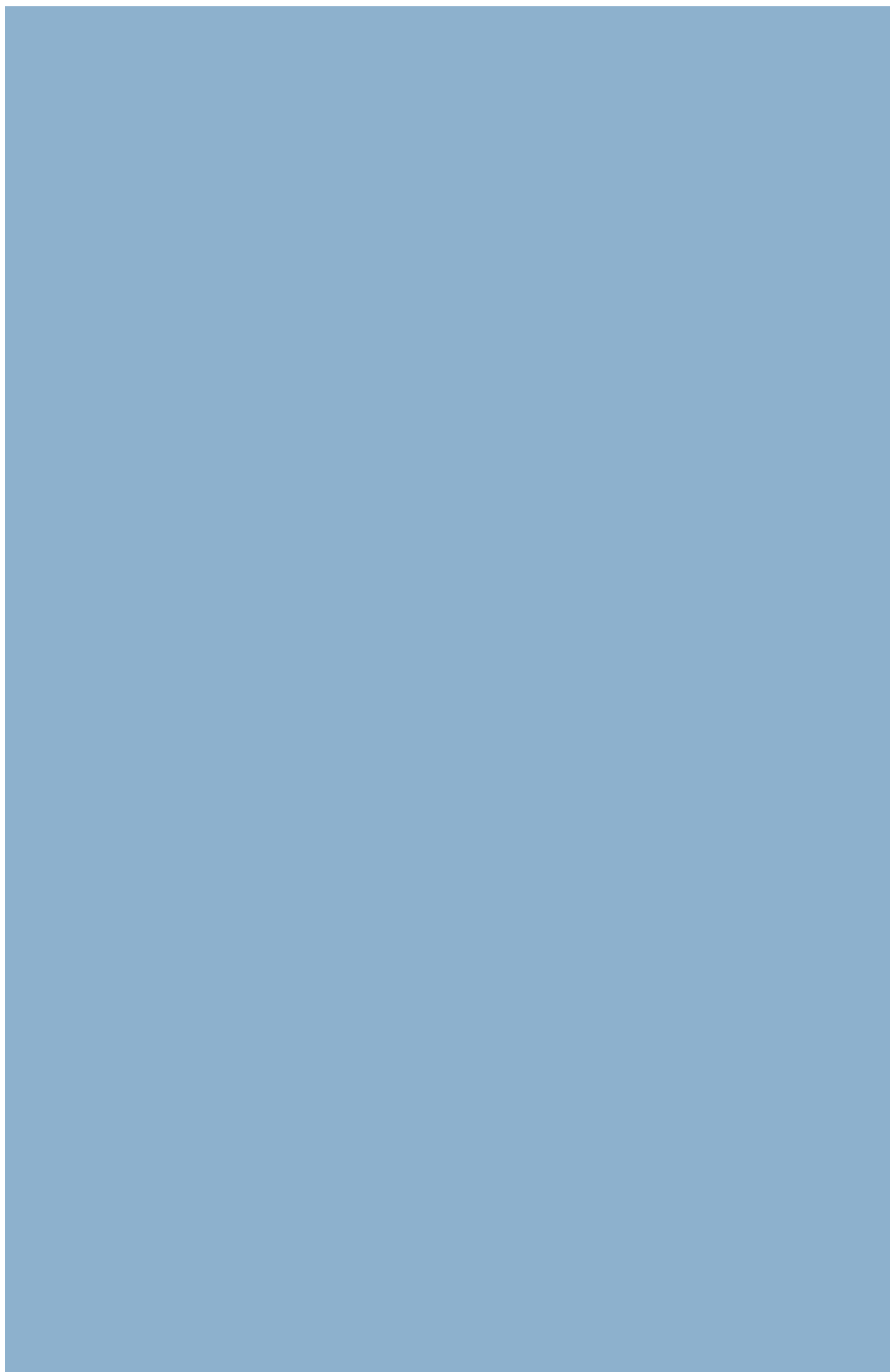
The study of the supply of financial services to small businesses was based on interviews with a selected group of commercial bank representatives, supplemented with a survey questionnaire. A total of 16 banks were invited, with nine banks representing diverse perspectives completing the survey questionnaire. The survey was designed to gain a better understanding of the current services available to women-owned SMEs and SMEs in general, as well as the challenges and needs of financial institutions in serving these market segments.

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