Deconstructing the Monolith: Segmentation of Women Clients

In Conversation with VP Bank Vietnam and CARE

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In the Conversation

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Top 100 Asian Retail Banks


Top 300 most valuable banks in the world (According to the ranking by Brand Finance)

234 branches with 64 separate centers for small and medium-sized enterprises in 44 provinces and cities

Serving nearly 95,000 SME, up to 20% of them ~ 16,000 WE Enterprises

Since 2017 WE segment considered as the differentiated value of VPBankSME in the market.

Rural
Remote ethnic minority women

Urban and peri-urban
Female migrants working in formal and informal sectors

Program priorities
Women’s Economic Empowerment
Economic Resilience and Recovery
Women’s Voice, Leadership and Representation
Unpaid Care Work
Gender-based Violence
Resilience Building and Humanitarian Response
A JOURNEY TO SERVING WOMEN ENTREPRENEURS IN VIETNAM

2016

Market Research
• Study WE behavior in Vietnam under advisory of IFC

2017

Building We Segment
• Launch WE Segment with key Product being WE credit card and business connection event

2019

IGNITE partnership
• Diagnostic Tool
• Online CEO courses
• Sales contest
• Preferential loans
• Sales Staff training
• Business connection events

2021

Comprehensive WE solution
• Launch comprehensive financial solution focus on solving business capital for WE
WHY WOMEN ENTREPRENEURS (WE)?

**MSMEs accounts for 98% of total enterprises in Vietnam**

- **21%** are women-owned, in which only **1%** is large

**Women Entrepreneur (WE) segment:**

- Only **30%** has access to capital from formal financial institutions
- WE’s **NPL** is on average **1%** lower than male counterpart’s
- Interested in practical capacity building to improve business skills (marketing, branding, financial management, qualified HR maintenance, business planning). They are willing to pay **$130 a month** for high-quality training
- More likely to pursue **impact beyond just commercial gains**

**Micro enterprise**
- <10 full-time employees
- <900 million ($360,000) in monthly revenue
- **Micro WE accounts for 42%**

**Small enterprise**
- <200 employees
- <8 billion ($360,000) in monthly revenue
- **Small WE accounts for 57%**

Source: IFC report 2017, Mastercard Index of Women Entrepreneurs 2018; CARE Market Assessment Report
WHY WOMEN ENTREPRENEURS (WE)?

• 1.9 billions in financing gap (IFC)
• WE tend to be better clients for FSPs with lower default rate
• Lack of network connection
• Not only are women starting businesses at higher rates than men – on average their enterprises are also more profitable
• Desire to improve abilities & foster business growth but lack of time & access to right support source
• Women-owned enterprises tend to hire more women employees
• Disproportionate burdens of caregiving, unfavorable business conditions, etc. hold WE back by reducing the time available for businesses, limiting mobility, restricting meaningful access to skills and education, and adversely impacting their confidence levels

Meet Hien

Name: Nguyen Thi Hien
Location: Phu Tho province and Hanoi, Vietnam
Business: Food products, specializing in fermented pork
Monthly Revenue: US $10,000
Employees: 15
Trading: Since 2015
Aspiration: To bring her products to an export market
Needs: Financial capital to grow her business and training in digital skills and e-commerce to reach international markets

Source: IFC report 2017, Mastercard Index of Women Entrepreneurs 2018; CARE Market Assessment Report
VPBANK & CARE PARTNERSHIP

- A portfolio approach to support Vpbank’s WE portfolio, with the focus on Micro segment
- This collaboration helps VPBank become one of the first banks that have the clearest guidelines/policies to support female-owned businesses.

1. Measure business health with online diagnostic tool, which then refer enterprises to relevant online courses/materials and suitable services/products
2. Promote micro WE’s access to loans via Incentive sales scheme (Sales Contest) and Preferential loans (low interest rate)
3. Invite Specialists for (i) gender sales staff training & (ii) online training courses for WE customers
4. Support online marketing to reach potential customers and facilitate micro WE’s access to loans
VPBANK OFFERINGS

✓ Credit card with **55-day interest exemption** for WE
✓ Preferential Loan with **reduce interest up to 2%/year** compared to regular customers
✓ Payment solution for pushing ecommerce for micro WE

Financial supporting

Non_Financial supporting

✓ Online CEO courses
✓ Offline Biz matching
✓ SME Connect Platform
FINANCIAL OFFERINGS

PREFERENTIAL LOAN
Reduce 2%/year
Reduce interest up to 2%/year compared to regular customers
Online approval and disbursement process on the day
Diversified terms and interest payment methods
Unsecure or Secure (Diversity of collateral)

WE CREDIT CARD
Up to VND2 billion ($88,000)
55-day interest exemption for WE
Cash withdrawals up to 50% of card limit
5% cashback by industry
Payment over 220 countries

SIMPLIFY
Payment solution
Free website development connected with Simplify
Registration with Ministry of Industry and Trade
Supporting media channels to approach potential customers
Training knowledge of e-commerce
Diagnostic Tool tells businesses what skills they have strengths and which skills need to be improved through the online questionnaire thoroughly developed with the support of IFC and CARE Ignite.

Based on the results, WE will participate in free online courses:

- Leadership
- Business model
- Financial management
- Human resource management
- Operation management
- Sales & Marketing
NON-FINANCIAL OFFERINGS

Coaching
Invite leading experts to advise/sharing practical lessons in business to help WE customers gradually improve knowledges and gain professional experience.

Biz Matching
The breakthrough period of female leaders connecting more than 40 female CEOs to exchange & open up opportunities for business cooperation.

Viet Nam Food
Connect more than 300 business appointments with international buyers: AEON MALL / LOTTE / BIGC

Biz Matching
The Business festival connects 700 businesses and supports 150 enterprises to display products at the event.
ACHIEVEMENTS TO DATE

- **Market Share**
  - Increasing 3% WE in total SME customer base (from **18% to 21%**)

- **Convert Rate**
  - CTR increasing within **5-10%** on Digital channels (Reduce Cost acquire new Customer)

- **Non-Performing Loan**
  - Reduce **2-3% NPL** in WE base

- **Cross Sale**
  - Increasing product using rate from **1.4 to 2.1**
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If you want to find out more on Ignite partnership, and the latest synthesis of market assessments from Ignite countries including Peru, Pakistan, and Vietnam. Please visit:
www.care.org/ignite