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Family Bank Case Study:

HOW A KENYAN COMMERCIAL BANK IS EXPANDING
THE SHARE OF WOMEN BUSINESS OWNERS IN ITS
PORTFOLIO





WHAT'S IN THIS CASE STUDY AND WHO IS IT FOR?

This case study describes Family Bank's¹ journey to improve gender equality through its business operations— often referred to as “applying a gender lens”. It details the actions implemented by Family Bank, the powerful results achieved to date in business operations and staff knowledge, and lessons learned. In so doing, it aims to contribute to filling the information gap on lending to women-owned agricultural small and medium enterprises (agri-SMEs).

This case study was designed for several primary audiences:

- **Banks and non-bank financial institutions** interested in embedding a gender lens and/or improving services to women SME clients, especially but not exclusively in agriculture;
- **Funders and gender technical assistance (TA) providers** keen to partner with and support banks and financial institutions (FIs) on their gender lens investing journeys.

We hope this case sparks conversation within your institutions, and provides an additional example and data point on the benefits of applying a gender lens to agri-SME lending.

¹ Family Bank is one of the 17 East African financial institutions (FIs) that participated in the Mainstreaming Gender Lens Investing for Agricultural Financial Institutions project, funded by United States Agency for International Development (USAID) and implemented by Aceli Africa and Value for Women (VfW). The purpose of this project was to enhance the capacity of East African FIs to integrate a gender lens into their agricultural lending product offering.



Executive Summary

[Family Bank Limited](#) is a woman-led commercial bank in Kenya, with over 92 branches countrywide, that is working to become a Tier I bank. Developing a holistic women's value proposition is a prominent feature in its five-year strategy toward this goal.

Looking at a sample of its portfolio, Family Bank saw that women customers were among the best performing segments in the bank, with lower than average rates of non-performing loans. However, the analysis also revealed high dormancy rates among women customers. With this information in hand, and the support of Value for Women, in 2021 Family Bank set out to improve its offering to women customers, with a focus on women-owned agricultural small and medium enterprises (agri-SMEs). The bank trained staff on gender equality in their work and incorporated gender metrics across the full lending process.

After six months, Family Bank reported meaningful results in terms of business operations and staff knowledge, including:

- 1 Increase in staff buy-in** resulting from increased comfort with engaging women clients, laying the foundation for growing the number of women-owned agri-SMEs served by the bank. Between the first and second quarters of 2022, the bank saw a **9.5% increase in women clients entering their micro and SME banking pipeline.**
- 2 Implementation of a data system to identify and track women-led businesses,** providing Family Bank the information to better serve this segment. Analysis of loan performance data confirmed that **women-led SME clients have lower rates of non-performing loans than men.** This insight helped pave the way for the **design of a new, uncollateralized loan product** for women-led MSMEs.
- 3 Institutionalization of a gender approach,** through incorporating the gender and business training into onboarding and operations going forward.

With these important pillars in place, Family Bank is well positioned to become the go-to bank for Kenyan women through a product holding that ensures women find comprehensive solutions to their needs.



Snapshot of Family Bank Limited

Established in 1985, Family Bank Limited is a woman-led commercial bank in Kenya with over 92 branches countrywide. The bank provides an extensive range of retail and consumer products, with a strong focus on SME lending. Family Bank's lending range in retail banking, for both individual and SME banking, is between US\$1,000 and US\$100,000.

Agricultural finance is part of the bank's roots; the original objective of the bank was to meet the needs of tea farmers in Central and Rift Valley provinces. Though the bank has grown to incorporate other business segments, including micro, SME, and corporate, agribusiness has remained a key pillar of its growth strategy. In recent years, Family Bank has diversified its product offering in the agriculture sector to today include dairy, horticulture, livestock, staples, seed multiplication, and green energy value chains.

Family Bank sees gender as a strategy to achieve Tier I status

Family Bank is in the process of implementing a five-year strategy toward becoming a Tier I² bank and has recognized that **this goal can only be achieved through capturing a greater share of the women's market in Kenya.**

Family Bank's motivations for adopting a gender lens approach

- Command a significant market share of women in business;
- Drive the financial inclusion of women in Kenya, to generate impact for their families and communities; and
- Successfully transition women entrepreneurs in its portfolio from microenterprise to SME.

² The Central Bank of Kenya has a 3-level classification of banks according to their market share, asset base and the number of customer deposits. Tier I banks are ranked highly due to their high capital and reserves, amount of deposits, net assets, loans and deposits; they are considered safe.



In Kenya, micro, small, and medium enterprises (MSMEs) are the engine driving job creation and economic growth, contributing around 85% of employment and 30% of the country's GDP.³ In the agricultural sector, MSMEs are vital actors for strengthening climate resilience and facilitating pathways out of poverty for both smallholder farmers and low-skill workers, particularly women and youth. But in East Africa **while agriculture contributes 25-30% of the GDP, it receives only between 2% and 7% of total bank credit, and around 4% in Kenya.**^{4,5}



Photo Credit: © George Muriama Photography

A number of factors make lending to agri-SMEs in Kenya a challenge. Lenders must take into account external risks⁶ and business risks⁷ when assessing creditworthiness. The seasonal nature of agri-SMEs' cash flows require a level of flexibility that many commercial banks feel unable to accommodate due to regulatory constraints.⁸ Finally, there are the additional costs associated with performing due diligence in remote, rural areas, and on enterprises that operate primarily off paper records. Data from Aceli Africa confirms that **lending to agri-SMEs in East Africa is two times as risky as other sectors, and leads to between 4% and 5% lower returns.**⁹

Challenges in accessing financing are further amplified for enterprises owned or run by women: **76% of women-owned businesses in Kenya are not getting the financing they need to grow.**¹⁰ This inadequate access to finance influences the types of business activities they can

³ Z. Mwangi. 'National Micro, Small and Medium Establishment (MSME) Survey.' Kenya National Bureau of Statistics, 2016.

⁴ Dalberg, *The Economics of Agri-SME Lending in East Africa*. Dalberg, 2018.

⁵ Aceli Africa. "[Bridging the Financing Gap: Unlocking the Impact Potential of Agricultural SMEs in Africa.](#)" Aceli, September 2020.

⁶ Such as: price volatility, climate change, and government regulations

⁷ Such as: management capacity and inadequate financial records

⁸ For more on how Central Bank regulations influence lending to agri-SMEs, refer to Aceli Africa's Learning Brief: "[The Effect of Central Bank Policies on Lending to Agricultural SMEs in East Africa.](#)"

⁹ Aceli Africa, September 2020.

¹⁰ World Bank, SME Finance Forum & IFC. "MSME Finance Gap: Assessment of the shortfalls and opportunities in financing micro, small and medium enterprises in emerging markets." Washington, D.C.: World Bank Group, 2017.



conduct and limits their earning potential, resulting in women entrepreneurs being concentrated in lower-value sectors that have fewer barriers to entry and less need for upfront investment.¹¹

In addition to credit barriers, gendered social norms also inhibit women business owners in Kenya from growing. Social norms continue to dictate how women can and should spend their time, with Kenyan women primarily responsible for unpaid care work and other household responsibilities, which prevents them from investing the time necessary to grow their businesses.¹²

On the other side of the equation, **lenders face a number of challenges to increasing the number of women-owned SMEs in their portfolios.** Women often operate outside of investors' regular customer acquisition networks and channels, and they may struggle to meet certain standard loan application criteria and collateral requirements.

Ensuring women find comprehensive solutions to their needs in Family Bank's offerings is one of the prominent features of its five-year strategy toward becoming a Tier I bank. Given Family Bank's historical roots in the Kenyan agricultural sector, where women make up between 42% and 65% of the labor force,¹³ and the bank's diverse financial product offerings, Family Bank believes it has the necessary experience, footprint, and capacity to become the go-to bank for Kenyan women.

Family Bank's plan of action was to launch a women's market initiative— a series of dedicated offerings for women –during the second half of 2022, with a focus on women business owners. To better understand its current performance serving women customers and identify opportunities for improvement for this initiative, Family Bank analyzed a sample of its portfolio looking at women and men separately. The analysis revealed that **women customers are among the best performing segments in the bank**, with lower than average rates of non-performing loans. However it **also revealed high dormancy rates among women customers**, pointing to a potential lack of satisfaction with Family Bank's current offering. In addition, its women customers tended to hold accounts with multiple financial institutions, meaning that Family Bank was not meeting all their financial needs.

¹¹ Sixty two percent of informal MSMEs in Kenya are women-led, compared to 34% of formal MSMEs.

¹² RAF LL & Shell Foundation, May 2021.

¹³ Banerjee, Raka Gulati, Kajal O'Sullivan, Michael B. Rao, Arathi Srijaya Vinez, Margaux Laurence.

[Levelling the field : improving opportunities for women farmers in Africa \(English\)](#). Washington, D.C.: World Bank Group, 2018.



Family Bank leveraged gender-lens TA to improve its value proposition to women customers

With this information in hand, Family Bank set out to take concrete steps to improve its offering. In early 2022, the bank created a dedicated internal position on Women & Youth, which would help build and launch the women's market initiative. And, opportunely, Family Bank had the possibility of receiving TA from Value for Women (VfW).

For this TA, VfW guided Family Bank through a systematic process from assessment through action planning to action implementation (for details on this process, see Appendix I). Because the TA offer was focused on agri-SME lending, this was the entry point for the TA Family Bank received; however, many of the actions Family Bank chose to implement were focused on women entrepreneurs both in their agri-SME portfolio and beyond, in alignment with the bank's broad gender goals. Over the course of the following three month, **VfW designed tools and provided support to Family Bank as it implemented the below actions.**

ACTION I

Incorporated gender metrics across the lending process to support gender lens portfolio analysis

In 2021, Family Bank allocated resources to undergo a significant IT infrastructure upgrade that would improve its ability to make data-driven decisions and respond to internal data and reporting requests. Family Bank was eager to ensure this new IT infrastructure would include all necessary data fields for the team to have a more holistic view of women customers across its lending. This includes **being able to track SME ownership by gender in order to calculate the share of SMEs in Family Bank's portfolio that are owned by women.** Ultimately, this would provide Family Bank's leadership with a snapshot of how effectively the bank is serving women customers and facilitate establishment of growth targets.

RESULTS

Gender data capture was improved at the account opening stage, thanks to adoption of key metrics into a regular reporting template.

Gender tracking at the SME ownership level was made possible, as a result of integrating new data fields.

Sex-disaggregated analysis of loan performance data confirmed that women-led SME clients have lower rates of non-performing loans than men.¹⁴ This insight helped pave the way for the design of a new, uncollateralized loan product for women-led MSMEs.

¹⁴ Non-performing loans are loans that are over 90 days in arrears.



ACTION 2

Delivered capacity building training to staff on gender equality and applying key gender concepts to their work

VfW provided support to Family Bank to conceptualize, design, and deliver three gender training sessions to its staff, with a particular focus on client-facing staff in branches and decision-makers in the credit and risk teams. **Building staff understanding of the gender-related barriers women face to accessing and making use of financial services can shift mindsets and reduce potential internal pushback** to providing differentiated products, services, or loan terms for women.

RESULTS

Accelerated action for the women's market initiative, including:

1. Obtained internal buy-in for the development of an uncollateralized loan product for women MSME clients;
2. Establishment of an SME banking sub-unit with a dedicated Relationship Manager tasked with implementing both the recommendations from the TA engagement and future gender lens strategies; and
3. Establishment of a standing meeting on gender.

A noticeable shift in mindsets, as a result of increased awareness of the business case for adopting a gender lens approach across all levels of the bank.

A 9.5% increase in women-led businesses entering the pipeline between Q1 and Q2 of 2022. The training equipped branch staff with knowledge on women's financial needs and priorities, thus enabling them to offer solutions to help them meet their business *and* personal goals.

Where does Family Bank intend to go from here?

Incorporating gender-related training content into the bank's regular training curriculum. New hires will receive gender training as part of their induction, and all staff will receive refresher gender training on a regular basis.

Providing non-financial services to women customers. The bank's foundation, The Family Group Foundation, already offers training to the bank's women microenterprise segment. Now, there is appetite to expand this training to other women customer segments (e.g. aspiring women entrepreneurs who need help starting a business; recently unemployed women looking to upskill or re-skill), based on the specific challenges each segment is facing.



Exploring how to expand its credit offering to women unable to meet the bank's current requirements. Previously, there may have been push-back— especially from certain departments —to designing differentiated offerings for women customer segments. Thanks to the TA engagement, the relationship manager in charge of the women's market initiative has recently been able to drive forward a new offering tailored to the specific challenges women business-owners face in accessing finance, to be launched later this year. As part of this offering, the bank's micro-banking manager and women's market initiative relationship manager are exploring how to develop a risk assessment approach that would enable the bank to serve women who cannot meet current collateral requirements. The bank will continue to look for opportunities to leverage blended finance mechanisms to unlock opportunities to serve underserved customer segments.

Integrating additional lenses into the bank's product offering. Family Bank acknowledges that climate change and sustainability issues will soon have major impacts on agribusinesses, and especially women within agricultural value chains. In anticipation of this, the bank is already considering how to embed these considerations into its lending practices, and is looking for opportunities to deepen its knowledge and capabilities on these pressing issues.

“The management was already a champion, but now the decision-makers in between are seeing it too. This strategy that we call ‘Women's banking’ is in people's minds, [they now understand] why we need to do it.”

**– Grace Njeri Kamau,
Relationship Manager, Women & Youth**



Getting started on your own gender lens investing¹⁵ journey

For FIs looking to implement their own gender lens strategies, either on their own or with the support of a specialized firm such as VfV, four key lessons emerge from Family Bank's experience.



Leadership buy-in as the foundation. Family Bank is woman-led, and women leaders hold some of the biggest portfolios in the bank. This undoubtedly influenced Family Bank's focus on capturing the women's market, its inclusion in the 2022 strategy, and the dedicated resources that have been made available to drive this strategy forward. Leadership commitment does not have to come from women in the C-suite, and for FIs that do not yet have this buy-in, preliminary activities such as trainings should be dedicated to building this buy-in.



Commitment to making data-driven decisions. Family Bank has cultivated a culture of using data to make decisions. Its marketing department uses analytics tools to generate valuable insights about how men and women use different digital marketing channels, and dipstick surveys to understand men and women customers' needs and preferences. Most notably, Family Bank has made significant investments to build out the bank's data and IT infrastructure, to enable its Business Intelligence unit to conduct gender lens analysis of customer data. This culture and analyzing men and women separately have served Family Bank well for designing its gender lens strategies.



Embed a gender lens into planned system upgrades, internal process updates or capacity building initiatives to get the most value out of a time-bound TA engagement. Family Bank was able to take advantage of an already-underway upgrade of its data warehousing system to add new data fields. Resources had already been mobilized, and recommendations could easily be integrated into the IT team's planned scope of work.



Sustainability and replicability as guiding principles when designing gender lens tools or processes. Family Bank was able to take advantage of a time-bound TA engagement to develop tools that will be used internally going forward. For example, the training content and facilitation guides were designed to be embedded into Family Bank's regular training curriculum and enable any employee to deliver the content in future.

¹⁵ As defined by the Global Impact Investing Network, gender lens investing means taking into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions.



Several lessons learned from Family Bank’s experience are important **for funders and other stakeholders looking to support FIs through TA.**

1. Project timelines should build in flexibility, to **align with the financial institution’s own internal decision-making and implementation timelines.**
2. When working with large organizations such as commercial banks, it’s often the case that annual strategic and organizational priorities, and associated departmental KPIs, are established during the annual planning process. This has implications for any TA project that gets subsequently added to the work plan; **resources and staff time may be focused on meeting already-established KPIs.** It is then important to **find ways to align TA activities to the set annual priorities and build in time to engage with senior leadership.**
3. **Aceli Africa’s incentives to Family Bank have played an important role in shifting perceptions internally on the value of reaching out more intentionally to certain customer segments.** Aceli provides portfolio first loss cover and origination incentives to increase the risk appetite of participating lenders, and to compensate them for higher costs and lower returns of lending to high impact agri-SMEs. One component of these incentives is a gender inclusion impact bonus for loans to enterprises that are women-led or gender inclusive, using the [2X Challenge](#) criteria. **As a result of Aceli’s incentives and the associated shift in perceptions, the bank has nearly doubled the number of women-led businesses in its agribusiness portfolio since 2020, from 35 to 69, with a corresponding >200% increase in total loan volumes going to women-led agri-SMEs.**¹⁶





“[Aceli] incentives have helped catalyze our lending and [increase our] risk appetite for women borrowers.”

**– Anthony Mutuku Mbithi,
Agribusiness Manager**

¹⁶ NB: data excludes loans to tea sector clients.



Annex I: The process of Value for Women's support to Family Bank

Activity	Description
 Gender Diagnostic Assessment	Assessment of Family Bank's gender-focused actions to date, to identify new entry points for gender inclusion in line with the bank's priorities.
 Menu of Options	Presentation of a list of actions and strategies for advancing gender and business outcomes subsequently validated and prioritized by the Family Bank leadership team.
 Gender Action Planning	Translation of gender lens strategies selected by Family Bank into a Gender Lens Action Plan, to serve as a work plan for the TA.
 Technical Assistance Implementation	Development of practical tools to support implementation of the actions in the Gender Lens Action Plan.



ACELI

[Aceli Africa](#) is a blended finance facility designed to mobilize US\$600M in private capital by 2025 to inclusive agri-SMEs in Kenya, Rwanda, Tanzania, and Uganda. Aceli aims to bridge capital supply and demand in the agri-SME finance market by providing financial incentives to a marketplace of 30+ lenders to unlock their balance sheets for high-impact lending that might not otherwise meet their risk-return criteria. Impact priorities span gender inclusion, food security & nutrition, climate & environment practices, and youth inclusion.

VALUE FOR WOMEN

[Value for Women](#) (VfW) is a specialized advisory firm helping organizations advance gender inclusion for business development. VfW works with a range of partners and institutions, including SMEs, investors, and financial institutions across Africa, Asia, Latin America, and the Pacific, to drive gender-forward solutions within their operations.

USAID

Throughout the world, widespread gender gaps in financial inclusion and economic empowerment negatively affect the lives of women and hinder economic growth. Recognizing an urgent need to close these gaps, USAID INVEST (INVEST) alongside the USAID Gender Equality and Women's Empowerment Hub (USAID/GenDev) has built a US\$23 million portfolio of activities to advance women's economic empowerment by mobilizing private sector investment through catalytic capital, mainstreaming gender-smart policies and practices among investors and employers, increasing access to capital for women and women-led businesses, and building supporting environments.
