EVIDENCE SNAPSHOT: ACCESS TO FINANCE

WOMEN ENTREPRENEURS FINANCE INITIATIVE

What does new research say about improving access to finance for women-led businesses?

WHAT IS THE WE-FI EVIDENCE PAPER?

This snapshot is part of a series which highlights select research findings and evidence gaps from the We-Fi Evidence Paper: Supporting Women Entrepreneurs in Developing Countries: What Works (Siegrist, 2025). The We-Fi Evidence Paper reviews existing evidence on what works and what doesn't in supporting women-owned and led SMEs (WSMEs) in developing countries and maps this evidence along four We-Fi focus areas: Access to finance, access to skills and networks, access to markets and technology, and the enabling environment.

The review also identifies evidence gaps and highlights research opportunities for each focus area. The paper's main contribution is a conceptual and comprehensive mapping of the literature, classifying the strength and direction of evidence across various interventions. It provides a dynamic view of how the literature is evolving, highlights where evidence gaps remain, and is intended as a resource for both researchers and policymakers/practitioners.

For access to the searchable database of publications used in the evidence paper and this snapshot, click here.

WHAT ARE THE CHALLENGES FACED BY WSMEs?

Women entrepreneurs are key drivers of economic growth by creating jobs, boosting human capital, increasing women's labour force participation, and fostering innovation in their communities. Yet they face laws, policies, institutional biases, and social norms that disempower them. Access to finance remains a major barrier, especially for women-led enterprises in the "missing middle". Women's ability to access loans, credit, and other banking services is often hindered by collateral requirements, subjective credit assessments, limited financial education, potential risk aversion, and lower confidence in applying for loans or trusting financial institutions. This gender financing gap is also apparent in the equity financing space.

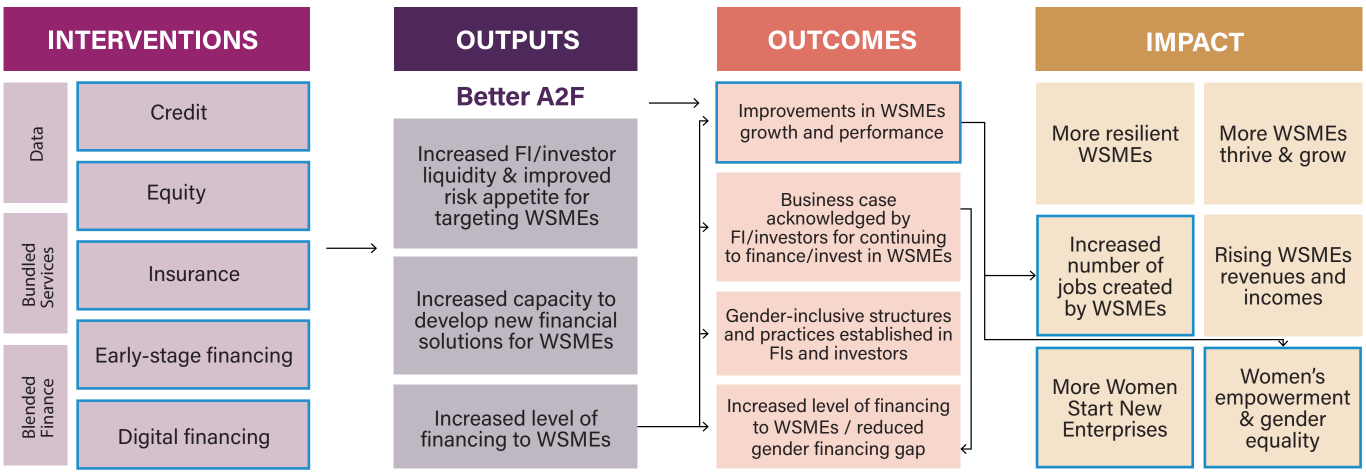
- $1.9 trillion MSME financing gap for women[1]
- Loans for women are on average one third lower than for men[2]
- 11% of seed capital in emerging markets goes to women-owned startups[3]

Attribution: Siegrist, Felicia. 2025. "What does new research say about improving access to finance for women-led businesses?" Women Entrepreneurs Finance Initiative, World Bank, Washington, DC.

HOW CAN THIS BE CHANGED?

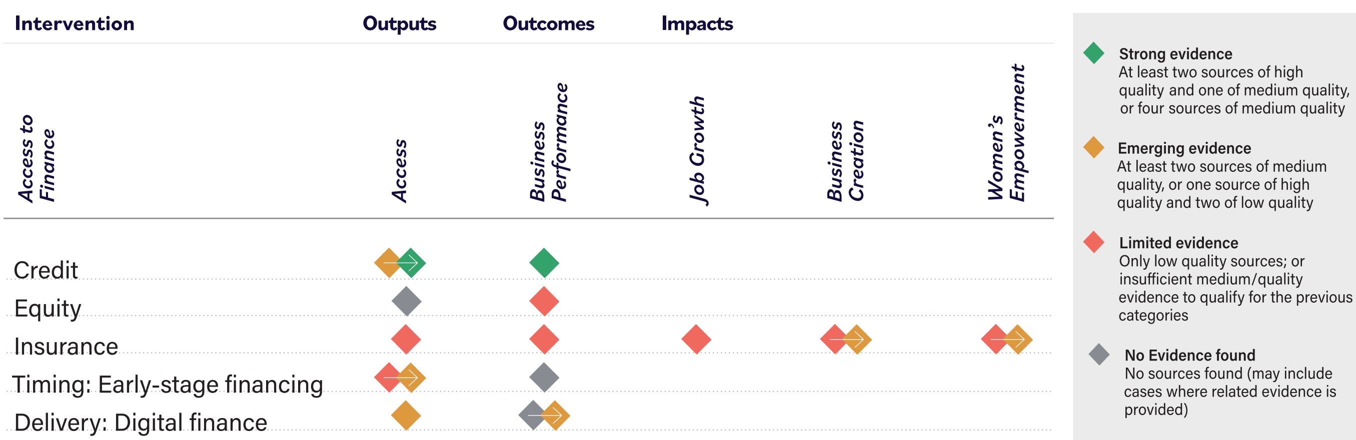
Addressing the complex challenges faced by WSMEs requires multi-dimensional approaches, innovative instruments, and a cross section of stakeholders. This snapshot focuses on the 'Access to Finance' component of We-Fi's Theory of Change. It lays out how different interventions (e.g., credit, equity, digital finance etc.) are intended to stimulate short-term outputs (e.g., better access to finance, new financial products and services for WSMEs etc.), medium-term outcomes (e.g., improved business performance) and long-term changes (e.g., women's business creation, job growth, and women's economic empowerment).

WE-FI'S ACCESS TO FINANCE THEORY OF CHANGE:



Focus of evidence review and this snapshot

WHERE IS EVIDENCE STRONGEST AND HOW IS LITERATURE EVOLVING?



A scale based on the number and quality of studies was used to classify the strength of evidence for specific interventions as strong (green), emerging (yellow), or limited (red)[4]. Most evidence on access to finance focuses on credit, more specifically on micro-credit. Evidence on other interventions remains limited or emerging. Two dots and an arrow indicate a change in the evidence rating between the 2022 review and this review (2025). Recent literature shows a growing focus on digital approaches, incl. on digital finance, while evidence is also growing on financial product design (credit and early-stage equity).

WHAT ARE SOME RESEARCH FINDINGS AND IDENTIFIED EVIDENCE GAPS?

The following highlights some preliminary research findings and outlines persistent evidence gaps where more research is needed. While this is not a full overview of all findings and available studies mentioned in the evidence paper, it aims to provide a useful framing of insights.

FINANCIAL PRODUCTS AND SERVICES

DEBT FINANCING

How can innovative credit assessment methods be effective at easing WSMEs' access to credit (e.g., psychometric tests, cashflow-based lending etc.)?

Collateral-free or reduced collateral loans underpinned by solid credit assessment mechanisms have shown some promising results as an alternative to traditional loan assessments. Emerging evidence shows that using alternative data such as mobile phone records or psychometrics to assess creditworthiness can help financial institutions expand credit access to underserved groups, including women, while managing or even reducing risk. Evidence from Ethiopia by Alibhai et al. (2022) focused on women-owned micro and small enterprises suggests that psychometric credit scoring doubled the likelihood that a woman had accessed a formal loan (from 42 percent to 90 percent). Similarly, in Nigeria, a We-Fi project with Access Bank introduced a cashflow-based lending product for SMEs, using business bank account transaction data to offer collateral-free loans to both male and female entrepreneurs. A pilot randomized controlled trial by Gruver et al. (2024) showed that women-led firms receiving a cashflow-based loan were 20 percentage points more likely to borrow from a formal source two years later, an effect not observed among men, suggesting the loan helps alleviate credit constraints for women. Lastly, other approaches can also use alternative data such as mobile money, bill payments, supplier transactions, or social media activity. Using data from a large FinTech lender in Mexico, Chioda et al. (2024) found that alternative digital transaction data effectively predicted creditworthiness for borrowers without credit histories, approving 2.6 times more women.

EVIDENCE GAP #1: DESIGN AND EFFECTIVENESS OF WSME LOAN PRODUCTS AND ALTERNATIVE LENDING MODELS

There are very limited studies on SME financing, exploring the impact of **larger loans** on WSMEs. More studies are needed to explore how gender-specific SME loan products incl. innovative design features of loans and **alternative lending models** (e.g., asset-based lending, revenue-based lending, factoring) can help WSMEs access financing, increase business growth, and promote job growth. More research is also needed on specific lending instruments like **trade finance**, **supply chain financing**, or **credit lines**.

EQUITY FINANCING

How does equity financing (incl. early-stage financing) impact women's business growth and further access to finance?

In emerging markets, venture capital and private equity funds are a relatively new phenomenon, resulting in limited data and research. Available studies are mostly qualitative and not generalizable due to small sample sizes and limited geographic coverage. Similarly, only very limited evidence on angel investing, crowdfunding, acceleration and other alternative financing options could be found. For example, an analysis of 492 equity crowdfunding campaigns in Brazil, Chile, and Mexico (2013-2017) found that having at least one woman on the board increased campaign success in terms of average pledge size and target amount reached, but not the number of investors (Cicchiello et al., 2021).

EVIDENCE GAP #2: EFFECTIVENESS OF EQUITY FINANCING ON WOMEN'S BUSINESS GROWTH AND ACCESS TO ADDITIONAL FINANCING

More studies are needed to explore whether and how access to venture capital or private equity helps WSMEs grow and secure additional financing, such as follow-on equity or loans. Similarly, little is known about the effectiveness of **accelerators**, **angel investing**, **crowdfunding**, and other alternative financing mechanisms in supporting women's business growth. Overall, evidence on these instruments is largely missing in emerging market contexts, also for men-led businesses.

DIGITAL DELIVERY CHANNELS

How can digital delivery channels more effectively deliver credit to women entrepreneurs and increase access to more financing to accelerate business investments?

Digital credit offered via mobile money can increase women's access and use of financial products and services from which they were previously excluded by overcoming mobility, security, and time management constraints. Several studies show how digital loan disbursement can add elements of privacy and control over how women invest their money, resulting in higher business investments and profits. For example, Islam and Muzi (2020) show that women-owned firms' use of mobile money increased their investment and spurred higher demand for more credit, which was not observed for men-owned firms. An experiment in Uganda by Riley (2024) in which female bank clients were randomly assigned to receive micro-credit in a mobile account versus in cash showed that women who received the money in a mobile account had, on average, 15 percent higher profits and 11 percent more business capital. Similarly, a study by Arraiz (2023) found that MSMEs in Mexico that received a loan from a fintech company experienced 19.4 percent higher sales growth after two years compared to similar businesses that were rejected. The impact was more pronounced among female clients, whose sales growth was 41.9 percent higher.

EVIDENCE GAP #3: EFFECTIVENESS OF DIGITAL FINANCIAL SERVICES

More research is needed to understand how digital delivery channels can help overcome gender constraints and improve WSMES' access to and use of loan products across different sectors and contexts (including trade finance and supplier or distributor credit), and how this translates into higher business investment, growth, and financing demand. There is also a lack of rigorous studies on **embedded finance** where financial services like payments or credit are integrated into digital spaces such as e-commerce or social media. Finally, more evidence is needed on the risks and barriers that may limit WSMEs' use of digital finance and on effective strategies to address them.

LENDING / INVESTMENT PRACTICES

How can inclusive lending and investment practices mitigate gender biases in financial intermediaries to ensure sustainable capital flows going to WSMEs?

A lab-in-the-field experiment by Brock and De Haas (2023) examining gender discrimination among loan officers in Turkey found that both male and female officers held implicit discriminatory views, and that these tendencies declined with experience. These findings imply that banks should ensure that lending decisions are made by sufficiently trained and experienced loan officers. In the venture capital space, results from a global field experiment by Miller et al. (2023), supported by Village Capital and We-Fi, show that standardizing the evaluation process by using structured prompts on risk, reward, and progress helped investors assess startups more consistently. This reduced (and in some cases reversed) the gender gap in investment outcomes, leading to a statistically significant fivefold increase in the scores of women-led startups.

EVIDENCE GAP #4: FINANCIAL INTERMEDIARY EFFECTIVENESS

More rigorous evidence is needed on which interventions (e.g., loan officer training, standardized evaluation processes, female leadership etc.) effectively reduce gender bias in lending and investment decisions and drive organizational change to more gender-inclusive financing in financial intermediaries. Evidence on **blended finance** is also limited, despite its potential to support risk-sharing and strengthen financial institutions' capacity to better serve WSMEs. More research is needed on which blended finance mechanisms work, under what conditions they are sustainable, and how they ultimately affect WSME performance.

CONTEXT AND SEGMENTATION:

How does the effectiveness of access to financing interventions on WSMEs business performance depend on underlying contextual constraints?

Various studies suggest that heterogeneity really matters in access to credit and impacts of lending may vary depending on the type of female borrower and underlying contextual constraints. For example, a randomized controlled trial by Crépon et al. (2024) in Egypt found that differences in how entrepreneurs responded to the same financial instrument were larger than the differences in outcomes across different instruments (such as cash grants, in-kind grants, or loans). Similarly, Cai et al. (2023) found that microcredit generally had no effect on business profits when entrepreneurs lacked prior business experience. Data from an earlier experiment by Bernhardt et al. (2019) in India, Sri Lanka, and Ghana compared the impacts of credit between women borrowers from single-enterprise households and multiple-enterprise households. Results showed that in households with multiple enterprises, women did not experience profit gains because the capital intended for their businesses was typically invested in their husbands' enterprises.

This shows that women-led businesses should not be viewed as a homogeneous group and segmented approaches are needed. We-Fi, together with the Argidius Foundation, the Dutch Good Growth Fund, and ConsumerCentriX, developed a segmentation framework and toolkit to help financial institutions and support organizations better understand and serve growth-oriented women-led SMEs based on their specific financial and non-financial needs.

EVIDENCE GAP #5: SEX-DISAGGREGATED DATA

The lack of **sex-disaggregated data** is a significant barrier to understanding what works for whom and why, as well as to building the business case and designing effective support programs and policies. To date, there is still a low uptake of financial institutions, governments, and corporates in collecting and using sex-disaggregated data. Effective interventions to address challenges such as legacy information systems, limited data management capabilities, lack of common standards and definitions, inconsistent data quality, and concerns around data privacy need to be explored (through initiatives like the WE Finance Code).

For more detailed information and other evidence of We-Fi's core focus areas refer to We-Fi's Evidence Paper.

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[1] IFC. 2025. "MSME Finance Gap." Technical Report, International Finance Corporation, Washington, DC.

[2] Data from GBA's Global Women's Market Survey, Global Banking Alliance for Women; Andrés et al. 2021. "The gender gap in bank credit access." Journal of Corporate Finance (71).

[3] IFC, Oliver Wyman, and Rock Creek. 2019. "Moving Toward Gender Balance in Private Equity and Venture Capital." World Bank Group, Washington, DC.

[4] 189 studies were included in the full review, 76 of which focused on access to finance. This includes experimental studies, quasi-experimental, as well as non-experimental studies like systematic reviews or correlational studies.