

## Reducing gender inequality: approach by a bank

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**Gender inequalities in Panama are still prevalent and women's participation in the country's economy is still low. Despite government intervention to address these inequalities, private sector involvement is crucial and Panamanian banks have a role to play. This is the case of Capital Bank, which contributes to the financial inclusion of women who own or manage SMEs.**

Panama has a population of approximately 4 million. Of the population, 49.8% are women; 51%<sup>1</sup> are labourers, and there is a 15%<sup>2</sup> employment gender gap. A 29% of women participate at the executive level, on boards of directors<sup>3</sup> and women in business management is gaining momentum.

Currently, there are companies acting individually and, in some cases, collectively to reduce gender inequality. However, these actions could have greater reach and impact if the sector participants worked in an organised manner. While there are laws protecting women in the workplace - Panama is a signatory to international labour-gender agreements - a shared private sector agenda of implementation is required.

The private sector has the potential to promote gender equality by leveraging its position as an employer, the reputations of its participants and their brands, and its collective status as a value generator in society. However, years of history will require a common and focused effort to minimise biases and stereotypes that are reflected in practices of unfairness and inequality between women and men.

### **CAPITAL BANK AND ITS TRACK RECORD**

Since its founding, Capital Bank has promoted the active and equal participation of women in the

workplace, and has empowered female entrepreneurs. While there is still a long way to go, the bank is committed to a better future, with women and men as equal actors.

Within the bank 62% of employees are women, and 61% of employees in leadership positions (assistant managers, managers and vice presidents) are also women. These figures project the bank as a company where women have a place to grow and occupy leadership positions, enabling it to communicate and extend its social credibility.

## **PROMOTING WOMEN ENTREPRENEURSHIP**

The UNDP states on its Panama website: «It has been proven time and again, that empowering women and girls has a multiplier effect, and helps drive up economic growth and development across the board» (Excerpt from Sustainable Development Goal 5).

Through its subsidiary Capital Emprendedor, Capital Bank broadcasts a radio program nationwide – in addition to training – on business sustainability and small and medium enterprise growth. Among the invited panelists are successful entrepreneur and professional women, who share their business best practices and provide inspiration for other women.

Among them, those involved with technological and innovative enterprises are promoted, inspiring women to engage in specialised enterprises previously dominated by men. Women have been inspired by the program to become entrepreneurs, to face challenges, and to start their businesses and make them grow.

## **COMMITMENT TO SUPPORT WOMEN IN BUSINESS**

Capital Bank is positive about reducing gender inequality. A credit facility of 20 MUSD, signed in the third quarter of 2019, is aimed at providing credit of 14 MUSD to SMEs, as well as credit of 6 MUSD for women-owned and -managed SMEs (“SME women”). These funds enable the bank to use its expertise to serve SME women – including female entrepreneurs – both financially and non-financially; this has been Capital Bank’s strategy for the past 11 years.

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According to initial analyses, 32% of the bank’s existing portfolio comprises SMEs managed or owned by women. In recognition of the bank’s will to develop this segment, and its allocation of 30% of its funds to the financing of women-owned SMEs (SMEs owned or managed by women in accordance with the criteria of the 2X Challenge), Proparco has provided support to the bank with technical assistance. This technical assistance aims at creating financial and non-financial products aimed especially at companies where women play a leading role. The technical assistance includes gender bias analyses in granting credit, enabling the financial empowerment of women. This, among other initiatives, will contribute towards progress in terms of gender equality in Panama, which in turn will contribute towards the sustainable growth of the country.

1 INEC labour market survey, 2018.

2 Comptroller of Panama, 2018; ILO, 2018.

3 ILO, ACT/EMP, 2018.

