



Strengthening women-owned SMEs in Turkey: lessons for other localities

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Even in Turkey, known for its ongoing focus on supporting women entrepreneurs, work remains to fully reach this underserved market. In Antalya, we interviewed women entrepreneurs and the Women Entrepreneurs Association (WEA) to learn about the specific financial challenges they face, what they like and dislike about the services available, and what they wish for in the future. Our conversation quickly revealed that while solutions to scaling finance for women entrepreneurs have a lot in common, there is no one-size-fits-all answer.

WEA, a sub-chamber of the Antalya Chamber of Commerce, was founded in 2008. Its membership includes 250 women entrepreneurs, approximately 25% of women business owners in the region. It functions as an NGO and works closely with government entities. It has built a sturdy, supportive environment that encourages women entrepreneurs to flourish in agriculture, tourism and trade, media, education, and manufacturing.

Nonetheless, barriers still exist.

“We can say that these barriers are mostly socio-cultural, because we have all the legal support for women entrepreneurs. There are many government parties and many NGOs and many private banks trying to give special support to women entrepreneurs but it's very hard...especially for the lower education group of women.” -WEA spokesperson

Socio-cultural barriers are overcome through exposure and education. Local trends demonstrate progress in erasing the education barrier – the percentage of Turkish women completing higher education has risen 10% in recent years – and WEA is addressing it directly by partnering with a local university to drive enrollment. WEA is also confronting socio-cultural barriers by mobilizing non-working women throughout the state to start their own businesses. “Our mission is to provide this encouragement, to empower girls with higher education and also to empower women who are sitting at home and have some skills that could be turned into products and businesses,” says an officer.

Accessing Finance

When it comes to accessing finance, all agree that it comes down to risk on both sides of the equation. Banks remain reluctant to finance small businesses without some kind of collateral, and Turkish women are much less likely to own the kind of property that banks require. Even if they do, women are more reluctant to put their family homes and land up for collateral because they typically value family security more than business opportunities. Similarly, women are often

unwilling to accept the risk presented by the high-interest loans banks use to mitigate the perceived greater risk associated with women, not to mention the bureaucratic disadvantages and high taxes they would face as business owners. Consequently, women obtain less credit than is available, even credit that is designed especially for them.

But Turkish banks, more than most in countries we have visited, are striving to make it easier for women and SMEs to access finance. So how well are the banks doing to serve women entrepreneurs?

We interviewed women SME owners to find out. We learned that they are often pleased with the services they receive, particularly valuing the easy access allowed by banks' mobile and interactive banking services. Some women noted that the nonfinancial services that they received from the banks were equally important:

“I feel that I can trust and rely on [my banker] to talk about my business, to get advice. I don't want more stress while I'm dealing with my finances all by myself, and so [the banker] is really helping me with my business.”

We asked WEA what more Turkish banks could do to increase their support of women entrepreneurs.

“We think that banks should develop programs, like mentorships or information centers, to support women-owned enterprises during the start-up period as well [as once they're established],” WEA suggests; or more concretely, to tailor loan products specifically for women-owned startups with initial grace periods for repayment.

Women entrepreneurs had more specific suggestions:

- A high-turnover, low-profit business needs more flexible credit products
- A loan made in a high inflation environment needs some mitigation of rate changes to protect the SME customers
- More mobile is better - the distance to a local branch means that they would benefit from having even more services folded into the mobile and interactive banking apps.

In partnership with the SME Finance Forum, CapPlus participates in high-level, global convenings like last year's Global Finance Forum in Turkey. These events represent important opportunities to influence global policy and regulatory advances in scaling SME finance. But they represent only part of the picture. Ultimately, it is the local actors that make things happen – in this case, a forward-looking chamber of commerce that sponsored the WEA and the business entrepreneurs themselves, working together with leading financial institutions in the country.

Thank you to Selin Oz and Garanti Bank for introducing CapPlus to the Women Entrepreneurs Association and its creative and energetic members , two of whose stories are shared below.

Froog Co.

Founded in 2013 by Sinem Yılmaz, Froog is the first registered frog farming facility in Turkey. Ms. Yılmaz runs the operations of the enterprise, which was funded by contest winnings and family loans until she received her first bank loan after a year and a half in business. She started the company after learning that Turkey, though one of the biggest exporters of frogs in Europe, had no frog growing capacity. After 2 years, she has scaled production to an upper limit of 28 tons, and continues to invest in R&D. She collaborates with universities to develop optimal farming techniques for the region's climate and further increase production.

Başar School

Founded by Şükran Aşçı, Başar is a private school for children kindergarten through grade 12, currently serving about 140 students. Ms. Aşçı started the school in a small rented space with only two weekend courses. Her student body steadily grew, and after six years she was able to purchase a building for the school and register her business. She relies on trusted counsel from her banker as she continues to further expand her school, and uses multiple financial products to bridge gaps between the sometimes-unreliable revenue provided by school fees.