



TENT

# Innovation Spotlight:

## Bancamia's financial inclusion program for Venezuelans



Tent's Innovation Spotlight series features companies that are leveraging their core business operations to integrate refugees around the world in new, exciting ways. We hope it inspires your company to consider new ways to support refugees.

**This spotlight may be most useful to financial services companies in refugee-hosting countries, such as Colombia, Peru, Chile, and Turkey.**

### The project in a nutshell



#### Tailoring financial services to the needs of Venezuelan entrepreneurs

According to data from the national migration agency, Colombia is currently home to 1.8 million Venezuelans-- the largest population of displaced Venezuelans in the world. Traditionally, Venezuelans have found it difficult to open bank accounts and secure loans to start small businesses in Colombia, as Colombian banks are not accepting clients with tentative legal residency status. Without access to banking, Venezuelan business owners were pushed into the informal economy, as they couldn't easily receive payments or pay their bills. A bank account and access to reliable credit would give Venezuelan entrepreneurs the chance to grow their business, for example, by allowing them to hire employees or buy inventory.

In 2019, Bancamia -- a Colombian social development bank and an entity of

BBVA's Microfinance Foundation -- recognized the need to include this growing marginalized population in the formal economy. Bancamia already provided bank accounts, as well as credit and savings accounts, to Colombian business owners -- and saw the opportunity to promote the inclusion and economic development of Venezuelan entrepreneurs through its services.

To tailor its existing offering, Bancamia learned about the obstacles Venezuelan entrepreneurs faced when trying to access the services of Colombian banks. Based on these insights, the company modified its policies, systems, and products to improve Venezuelans' access to banking. As a result of this program, the bank has expanded its business to a growing client base of Venezuelan entrepreneurs, while boosting financial inclusion for a marginalized population.

### The Innovation



#### Improving access to banking for Venezuelan refugees

Bancamia's initiative is innovative because, by serving Venezuelan customers, it fills an unmet need in the Colombian financial sector, promoting financial inclusion and creating economic opportunities for the Venezuelan population.

By tailoring its existing processes and products to offer credit to Venezuelan entrepreneurs, Bancamia paved the path for Venezuelan entrepreneurs to start or scale their own businesses, while generating growth in the local economy.

## The Results



Over the years since the program launched, Bancamia has grown its client base by 5,000 Venezuelan customers who have business accounts with the bank. The bank has granted credit lines to over 1,400 clients from this community. Of the over 1,400 Venezuelan creditors, 94% are up to date on their repayment obligations -- in line with the bank's entire customer base. Additionally, 17% of Bancamia's Venezuelan clients create at least one additional

job through their businesses, compared with 11% of the bank's non-Venezuelan client base. The results show the positive impact financial inclusion has on Venezuelan entrepreneurs and the economy. The bank plans to scale this program to more Venezuelan entrepreneurs, and will be able to cater to a growing client base as the Colombian government offers a path to legal status for nearly 1 million undocumented Venezuelans currently living in Colombia.

## What made the project a success?



Bancamia's program was successful because it invested in understanding the specific challenges Venezuelan entrepreneurs face when trying to access banking services in Colombia. To identify these obstacles, the bank conducted interviews with Venezuelan business owners and learned that they were being turned away from banks because of standardized requirements for prospective clients. For example, all clients are asked to either prove their credit history or name a guarantor, which was often not possible for newly arrived Venezuelans because most had yet to build up a credit history in Colombia, and could not prove their Venezuelan credit history due to the difficulty of accessing that information in their country of origin. Additionally, Venezuelan entrepreneurs that had recently arrived were still developing their social networks in Colombia, and did not have relationships with potential guarantors.

Once Bancamia examined these challenges, the bank adapted its policies and procedures to ensure Venezuelans could access their existing products. As part of BBVA's Microfinance Foundation, Bancamia had already developed specialized methods for evaluating the credit risk of low-income Colombian clients who may not have had a credit history due to the informal nature of their work, so the bank was motivated to extend this opportunity to Venezuelans, who also lack a credit history in Colombia. Instead of requiring a traditional credit check or asking prospective clients to bring in a guarantor, the bank developed a new method of calculating the credit risk of prospective Venezuelan clients by meeting them at their place of business to learn more about their enterprise, better understand their activity, and develop a risk profile of the business, its costs,

and its potential for growth. Bancamia kept a close dialogue with regulatory financial bodies in Colombia to ensure that these modified protocols were compliant with national banking rules.

Finally, Bancamia's program was successful because it went above and beyond to make sure Venezuelans knew about the products and how to access them. To reach Venezuelan entrepreneurs, Bancamia staff tailored their outreach in the community and promoted their offering to Venezuelans operating food kiosks, hair salons, and other small-businesses. Understanding that some Venezuelans were hesitant to approach banks because they had traditionally been turned away in person, Bancamia created a digital platform so prospective clients could contact the bank and learn about the offering without having to stand in line at a physical branch. Bancamia also sought technical advice from its partner, the International Finance Corporation, that helped design processes that would add value to this new group of clients.

Bancamia also partnered with USAID to design workshops to help Venezuelans become entrepreneurs by teaching them how to develop a business idea, create a business plan, and strengthen their entrepreneurial skills. For those who were already business owners, Bancamia also offered training to enhance their chances of thriving, by teaching them how to develop healthy credit habits, and how to create and manage a budget. These work shops were crucial because they helped Venezuelan entrepreneurs, often first-time business owners, set their business up for success.

### NEXT STEPS

To develop a similar project - or brainstorm about other ways your company can work with refugees - reach out to the Tent team at [info@tent.org](mailto:info@tent.org)



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