

IFC Extends US\$500 Million to HDFC Bank to Ramp Up Microloans to Underserved Women Borrowers in India

New Delhi, India, May 17, 2024—Women, especially microloan borrowers in semi-urban and rural areas, will have increased access to finance with IFC financing of up to US\$500 million to HDFC Bank—the largest private sector bank in India—aiming to support lending for income generation purposes, fostering financial inclusion and socio-economic growth in the country.

The Bank, with a long-standing history of lending to women, will use IFC's financing for on-lending as microloans to Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) enrolled in the Sustainable Livelihoods Initiative (SLI). SLI is the Bank's business line responsible for microfinance lending programs exclusively for women borrowers. IFC's loan will further enable the Bank to grow its microcredit and microlending to women, especially allowing SHG and JLG borrowers to graduate to individual lending schemes.

"As a Bank we have been committed to empowering women especially by targeted lending to Self -Help Groups (SHGs) and Joint Liability Groups (JLGs), which further helps take banking to the underbanked and unbanked. This longer duration credit facility from IFC will further boost these efforts," said **Arup Rakshit, Group Head, Treasury, HDFC Bank**.

Non-banking financial companies, including microfinance institutions (MFIs) and small finance banks, are the major lenders to women seeking loan for income generation purposes, accounting for nearly 65.7 percent of the total microfinance lending in India, and collectively reaching approximately 47 million clients with an aggregate gross loan portfolio of US\$31.6 billion as of December 31, 2023¹.

However, MFIs are highly fragmented, have limited capacity, and face higher funding costs. In this context, the extensive distribution network of banks and lower funding costs, among others, can be leveraged to increase access to microloans for women, promoting self-employment. While banks account for 40 percent of the total microlending in the country, microloans constitute a small proportion of their total lending portfolios.

"Access to financial services is key to empowering women and strengthening the economy. IFC aims to promote greater inclusiveness of underserved women borrowers by showing the viability of scaling up microlending to this segment," said **Imad Fakhoury, IFC's Regional Director for South Asia**. IFC's investment in HDFC Bank will encourage the wider industry of lenders and investors, with an aim to spur microfinance lending in India."

IFC plays a major role in creating efficient microfinance markets and is the largest international funder in the sector. Over 20 years, IFC has delivered significant global impact with more than 650 microfinance investments totaling \$6.2 billion and 330 micro and digital finance advisory projects in 95 countries.

About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2023, IFC committed a record US \$43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org

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¹ (Source: MFIN Micrometer, December 2023).

About HDFC Bank

For more information click here: www.hdfcbank.com

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