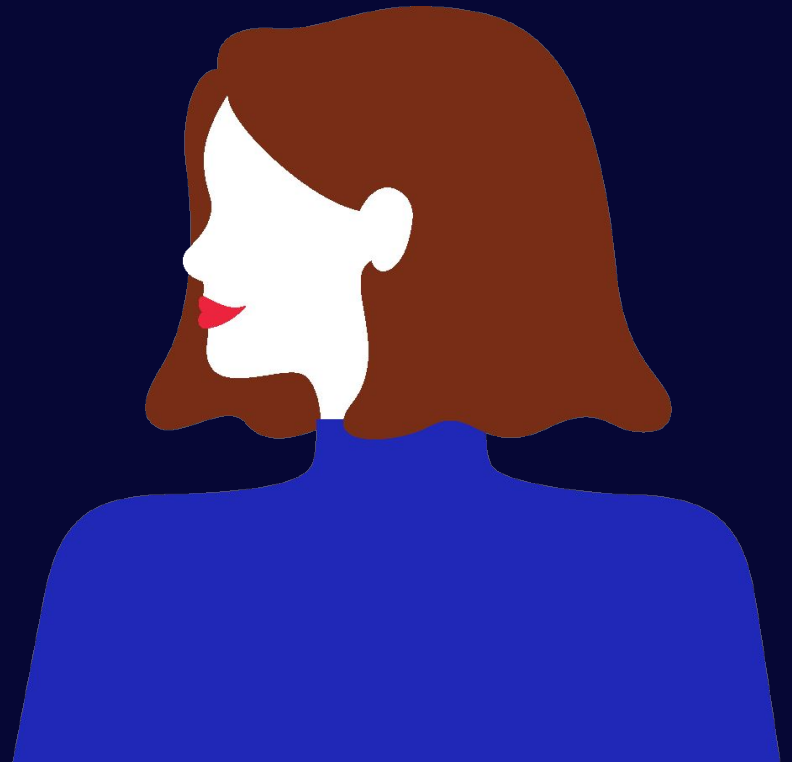
CLOSING THE GAP

Finkargo as a catalyst for women in global markets:
Empowering inclusive economic growth through trade finance



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Executive summary

Women's participation in global trade is a powerful driver of inclusive economic growth, yet women-led and owned businesses remain systematically underrepresented in global markets, particularly in Latin America.

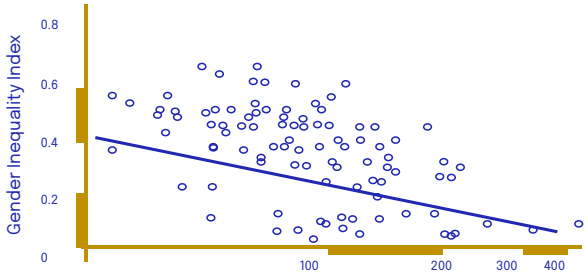
Structural business characteristics, persistent gender gaps, and unequal access to finance continue to limit their ability to scale and compete internationally. This report presents evidence on the relationship between trade and gender equality, outlines the key barriers faced by women entrepreneurs, and highlights how fintech solutions–specifically Finkargo's trade finance model can help narrow the gender trade finance gap. Drawing on Finkargo's portfolio data, the report shows that women-led businesses are strong stewards of capital and represent a compelling opportunity for impact-driven growth, with female-owned clients exhibiting a historical default rate approximately four times lower than that observed across the overall client base.

Women move markets:

The symbiosis between inclusion and global Growth

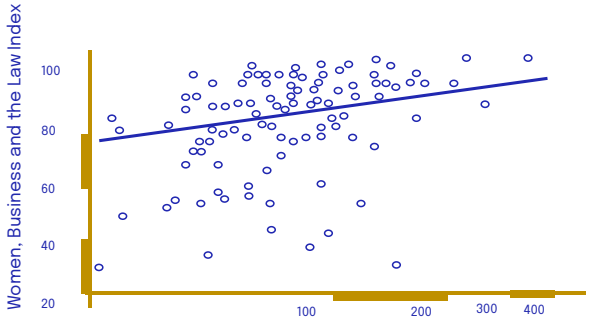
There is a symbiosis between gender inclusion and trade. Global evidence shows a strong relationship between trade openness and gender equality. As the World Bank exhibits in its report *Women and trade: The role of trade in promoting women's equality*, countries that are more exposed to international markets, measured by higher trade-to-GDP ratios, display better gender equality outcomes. In an integrated world, trade creates incentives and competitive pressure to expand women's rights and improve access to essential resources such as education, technology, and finance, pushing businesses and economies to move away from discriminatory practices.

A.Gender equality



Trade as share of GDP (%) logscale

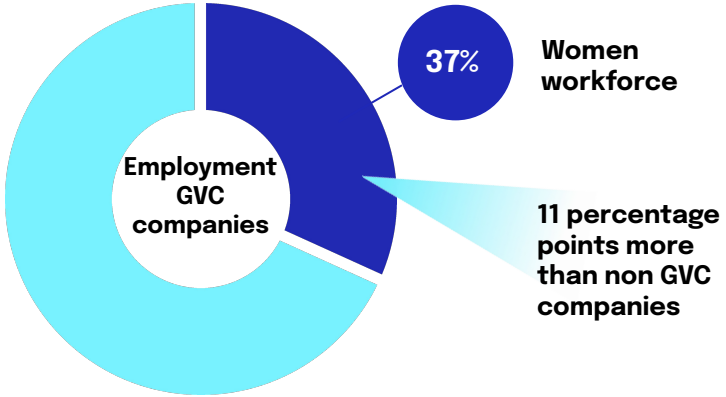
B.Women's legal rights



Trade as share of GDP (%) logscale

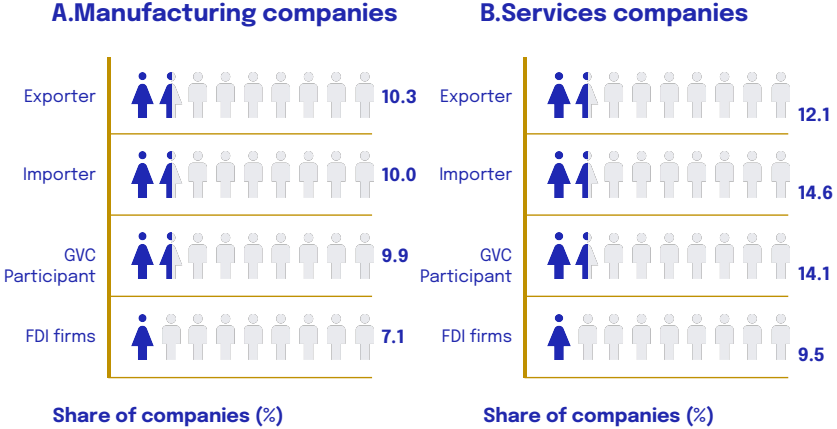
Source: World Bank Group & World Trade Organization. (2020). *Women and trade: The role of trade in promoting women's equality.*

Trade has the potential to strengthen women's role in society and the economy. Participation in global trade is associated with reductions in both labor and wage gender gaps. According to the World Bank, women are better represented in companies that participate in global value chains (GVCs), where women constitute 36.7% of the workforce in these companies- 11 percentage points more than non GVC businesses.



Trade can play a transformative role in women's lives by increasing employment opportunities, expanding consumer choice, and reinforcing women's economic and social bargaining power. However, women-led and women-owned businesses remain systematically underrepresented in global trade.

In Latin America, the Inter-American Development Bank estimates that only one in five companies engaged in international trade is women-led. Analysis of World Bank Enterprise Survey data covering 76 developing and emerging economies further shows that, among trading businesses, female ownership accounts for only 10% of manufacturing companies.



Source: World Bank Group & World Trade Organization. (2020). *Women and trade: The role of trade in promoting women's equality.*

While women remain underrepresented in global trade, the evidence consistently shows that greater participation can unlock meaningful gains in economic inclusion, business resilience, and growth. Bridging this gap requires expanding access to the financial tools and trade infrastructure that enable firms to compete internationally. Evidence from Finkargo's portfolio illustrates the opportunities that emerge when these barriers are addressed.

The data speaks volumes:

Women are better stewards of capital

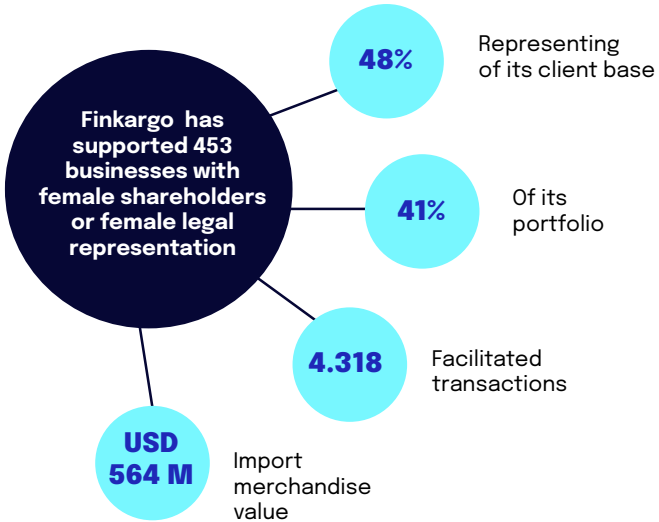
Export and import competitiveness depends on the ability to move goods and services across borders efficiently, affordably, and predictably. Yet traders face multiple obstacles in cross-border operations, and these challenges are more acute for women-led and women-owned businesses.

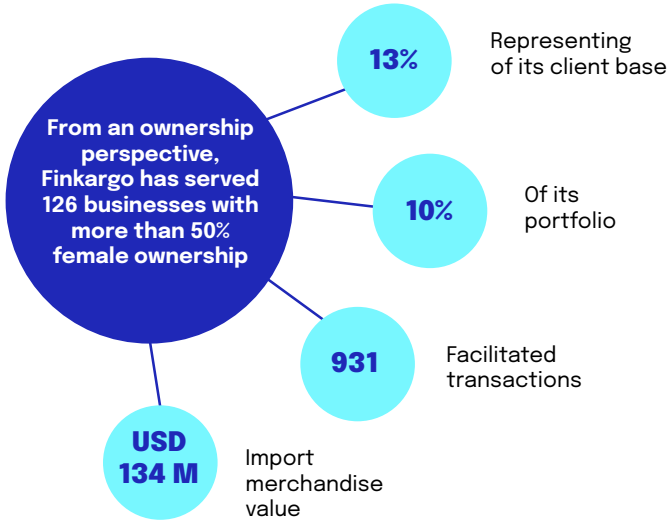
Access to finance remains one of the most significant constraints facing women-led and owned businesses across Latin America. Moreover, gender-based financing disparities are even more pronounced in trade finance. Given the higher perceived risk of international trade, access to trade-related financing is subject to stricter requirements for creditworthiness, due diligence, collateral, and financial reporting than access to basic bank services.

To address the more pronounced gender gaps in trade and trade finance, the expansion of digital technologies offers significant potential to improve women's access to financing and promote greater equity. By leveraging alternative data and credit scoring models, fintechs can complement traditional credit histories and reduce excessive reliance on collateral-based assessments. Digital platforms also help overcome geographical constraints, while automation lowers administrative complexity, time requirements, and transaction costs, enabling the delivery of more flexible financing solutions that better align with the needs of women-led businesses.

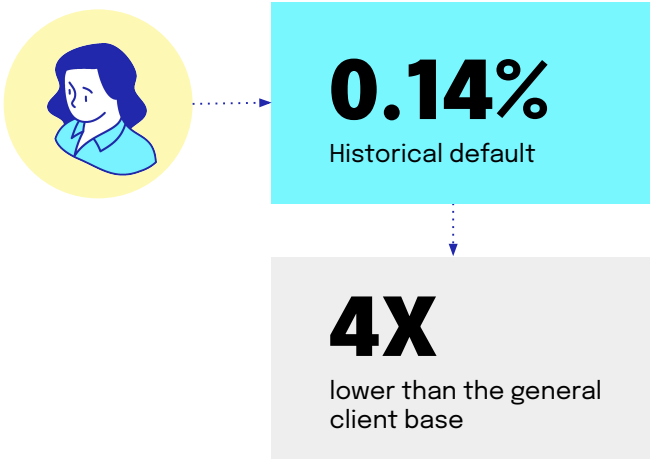
Finkargo's experience highlights the transformative potential of inclusive trade finance. These results underscore Finkargo's role in expanding women's access to international markets through tailored trade finance solutions.

Women-led and women-owned businesses are represented in Finkargo's portfolio well above global benchmarks, with women-owned firms participating at rates roughly 30% higher than the global average.



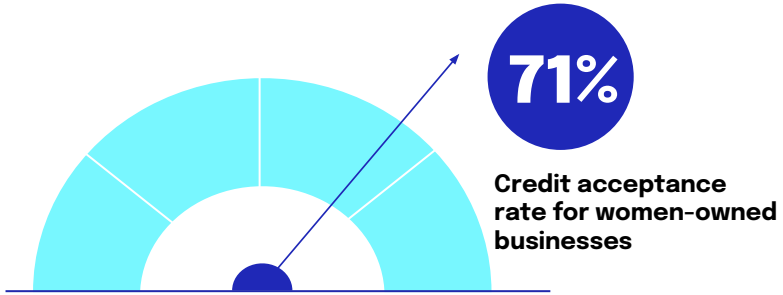


At Finkargo, businesses with more than 50% female ownership exhibit a historical default rate of 0.13%, compared to 0.6% across the overall client base.



Credit outcomes for women-owned firms demonstrate clear parity with the general client base. At Finkargo, we are providing higher approval rates for women-owned businesses while ensuring access to credit lines of comparable scale.

Historically, women-owned businesses at Finkargo show strong access to credit, with a 71% approval rate and an average credit line of USD 276,000, versus a 68% approval rate and a USD 310,000 average credit line across all clients.



Notably, in Colombia, average credit lines for women-owned businesses are 9% higher than those of the overall portfolio.

In contrast, survey data from the Asian Development Bank shows that women-owned businesses face rejection rates of up to 70%, on average about 50% higher than those of men-owned firms.

In terms of trade performance, after one year of working with Finkargo, women-owned businesses recorded, on average, 18 percentage points higher import growth than the overall client base.

These outcomes are consistent with broader financial inclusion evidence, which shows that although women often face more limited access to financial services, they tend to exhibit stronger repayment behavior and, when adequately financed, achieve superior business performance. Taken together, these findings underscore the growth potential unlocked by inclusive trade finance and reinforce the business rationale for expanding financing to women-led and women-owned enterprises.

Breaking barriers at and beyond international borders

While Finkargo's experience highlights the strong participation and performance of women-led and women-owned businesses when provided with the right financial tools, these results also point to a broader opportunity. Expanding women's participation in international trade requires addressing the structural barriers that continue to limit their access to markets and financing. This chapter therefore examines the broader ecosystem constraints women entrepreneurs face in global trade and where more coordinated action is needed.

By examining structural and operational barriers at and beyond international borders, is key to understand that closing the gender gap in trade requires a holistic ecosystem approach–one that complements improved access to finance with targeted non-financial services, and adaptive solutions that respond to women entrepreneurs' evolving needs.

For instance, business characteristics play a significant role in explaining the gender gap in international trade.

In Latin America, women-led companies tend to be smaller and younger than those led by men. According to the OECD *Trade and Gender Review in Latin America*, they are 17% more likely to operate as microenterprises and 53% less likely to be large companies.

Given their more limited scale, they face greater constraints in absorbing the high fixed costs associated with entering international markets, including compliance, logistics, and market entry requirements.

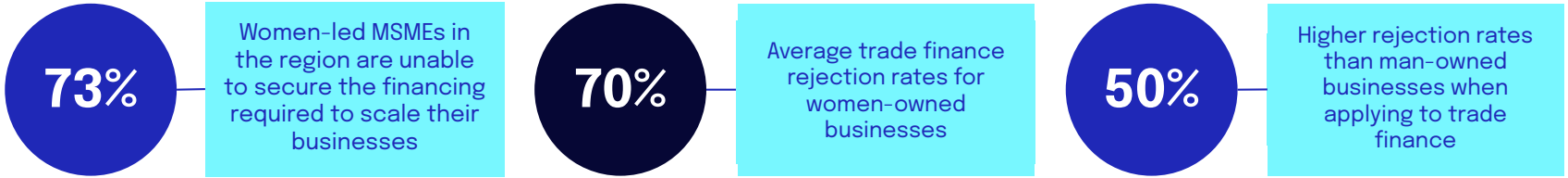
Moreover, women entrepreneurs are more concentrated in service sectors and are more likely to export directly to individual consumers rather than to other businesses. This market orientation constraints their ability to scale and limits integration into more complex and higher-value global value chains.

Beyond business characteristics, evidence suggests that roughly one third of the gender difference cannot be explained by these features and is instead linked to gender-specific barriers and structural inequalities.

Women entrepreneurs encounter both traditional trade barriers, and barriers beyond the border.

The first group include tariffs and non-tariff measures, such as complex customs procedures, administrative red tape, and stringent product standards and certification requirements. Barriers beyond the border include limited access to finance, education, and digital technologies, as well as legal and regulatory discrimination.

These constraints are largely driven by information asymmetries and high fixed costs that disproportionately burden women-owned businesses, often limiting their ability to compete internationally. As a result, access to finance becomes a critical lever for unlocking their participation in global markets.



Women-led and owned MSMEs are consistently less likely than their male-led counterparts to obtain external financing and more likely to face unmet funding needs. The OECD Trade and Gender Review finds that women-led businesses in seven Latin American countries are 8 percentage points less likely to secure external funding. As a result, financing gaps remain a binding constraint: estimates from Alive Ventures and ProMujer suggest that 73% of women-led MSMEs in the region are unable to access the capital needed to scale their businesses.

As mentioned, gender-based financing disparities are even more pronounced in trade finance. Women-owned firms face significantly higher rejection rates when applying for traditional trade finance and, when approved, tend to receive smaller loan amounts, pay higher interest rates, and meet more stringent collateral requirements.

Survey data from the Asian Development Bank shows that while most women-led businesses have access to formal financial services, only 18% secure sufficient trade finance.

Despite being more dependent on trade finance to engage in international trade, women-owned businesses face rejection rates of up to 70%, on average about 50% higher than those of men-owned. When rejected, women entrepreneurs are more likely to seek alternative financing sources (41% compared to 35% of men-led firms) and are more inclined to adopt digital financial solutions.

Financing gaps are the result of both supply-side and demand-side constraints. On the supply side, access is constrained by structural and institutional factors, including gender discrimination, limited credit history, insufficient collateral, and complex administrative and compliance requirements. On the demand side, women entrepreneurs face additional barriers that limit their ability to seek and secure financing. These include information asymmetries regarding available financial products, higher risk aversion, lower levels of financial and trade-related literacy, time poverty, and gaps in digital access and capabilities.

The evidence is clear: improving access to trade finance is necessary, but lasting progress depends on understanding the full range of barriers women face across the trade lifecycle and designing solutions that address both financial and non-financial constraints. By combining inclusive trade finance with complementary services that strengthen risk management, operational capacity, and market access, the ecosystem can move beyond access toward resilience and scale.

The Finkargo Advantage

Finkargo its committed to leveraging its impact-driven business model to promote greater inclusion, access, and equity within the trade ecosystem, where women-led and women-owned businesses remain underrepresented. To advance this objective, Finkargo is exploring gender-sensitive strategies to increase women participation, approval rates, provide appropriately scaled credit limits, and expand collateral options for women-led and women-owned businesses, while closely monitoring portfolio performance and client needs.

We invite aligned partners to join Finkargo in expanding and strengthening women's access to international markets by narrowing the gender trade finance gap.

Through collaborative efforts including competitive financing, investment, technical assistance, and strategic visibility, we can collectively scale impact. At the same time, we encourage women-led and women-owned businesses seeking to strengthen their global supply chains to reach out. Finkargo is a committed partner supporting entrepreneurs in building resilient and competitive businesses.

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