Access to Financing Through Digitalization: New Opportunities for Women-Owned SMEs

A close look at Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam

woomentum

KONRAD ADENAUER STIFTUNG

Disclaimer

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Foreword by KAS

Rabea Brauer

Cristita Marie Perez

Access to financing remains to be the primary challenge in scaling up operations of women-owned small- and medium-sized enterprises (WSMEs). Our research in the last two years has demonstrated that this persistent issue is caused by a combination of the following three factors: (1) WSMEs prefer to use self-financing methods; in instances where external financing is accessed, the most common method is loans from banks and grants from governments; (2) there is a financial literacy gap, and, finally, (3) most WSMEs are not aware of available financing options. However, these concerns can be alleviated by numerous opportunities afforded by digitalization.

This report, titled *Access to Financing Through Digitalization: New Opportunities for Women-Owned SMEs*, is an offshoot of the *The Path to Success: How Women-Owned Businesses Transform in the Era of Digitalization Volume 1 and 2* and takes a closer look at how, through alternative financing models, digitalization can expand WSMEs' financing options. In this report, we explore how new technology-based financing models can not only lower barriers to entry and optimize application and lending processes, but also support WSMEs' access to traditional financing. By allowing the entrance of fin-tech firms, tech companies, and mobile network providers, alternative financing solutions also create a more inclusive environment for WSMEs seeking funding.

The innovative environment should also be supported by responsive policies that take advantage of these technological advances and simultaneously specifically target women-owned businesses to make use of these new methods and products. Taking stock of case studies from seven countries—namely, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam—this report provides detailed policy and practical guidelines on how this ideal scenario can be implemented. Although actual policy-making is a complex process, which entails that the intended goal may not be reached without unintended consequences and the accompanying power struggle, in our straightforward report that offers concise policy implications, we hope to push forward the women empowerment agenda further and in more concrete terms.

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Foreword by Woomentum

Mouna Aouri

Alice Thet

Since the publication of the first volume of *The Path to Success: How women-owned businesses transform in the era of digitalization*, access to financing has become a core pillar of our research. Admittedly, despite global efforts, access to financing remains a key barrier to the growth of women-owned small- and medium-sized enterprises (WSMEs). When accessing credit from formal sources, women entrepreneurs have to face many challenges, including the lack of collateral, lack of formal documentation, and institutional gender biases.

According to a recent estimate of the International Finance Corporation, the global financing gap for women-owned MSMEs is around USD 1.5 trillion. In the Asia Pacific region, over 70% of WSMEs are either unserved or underserved financially.

Using the data collected from a total of 144 WSMEs in seven Asian countries (Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam), this report explores new financing models for WSMEs enabled by digitalization. These alternative financing solutions present an opportunity to overcome barriers in traditional financing, accelerate the financing application process, and democratize access to financing. These solutions present a huge opportunity of support to WSMEs' growth needs. However, despite potential benefits of these solutions, we find that the use of these innovative instruments has remained regrettably low amongst WSMEs. To make alternative financing more accessible and widely adopted among WSMEs, women entrepreneurs should be in possession of sufficient digital and financial literacy, while policymakers must adopt a consistent framework to regulate the alternative financing industry. It is our hope that this publication will spark ideas on how public and private stakeholders can improve upon current alternative financing offerings and effectively leverage these instruments to narrow the current financing gap for women-owned businesses in the Asia Pacific region.

Mouna Aouri
Founder & CEO, Woomentum

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Acknowledgments

The present report was prepared as a joint effort between the Konrad-Adenauer-Stiftung's Regional Economic Programme Asia (SOPAS) and Woomentum. This project aims to shed more light on the new opportunities brought by digitalization in the area of access to financing and challenges faced by women-owned small- and medium-sized enterprises (WSMEs) in seven countries Cambodia, Myanmar, Indonesia, and Malaysia in 2020 and in Vietnam, South Korea, and Singapore in 2021 during the COVID-19 pandemic. The project was designed and led by Mouna Aouri, with the assistance of Alice Thet. This publication was written by Talitha Amalia and Yasmin Aruni and designed by Rudy P. Agnel.

The research team would also like to gratefully acknowledge the valuable contribution of Dr. Reuben Ng from Singapore's Lee Kuan Yew School of Public Policy. During the data collection and report writing process, Dr. Reuben has provided advice and review of the policy recommendations for South Korea, Singapore, and Vietnam.

This research would not be possible without the participation of women entrepreneurs taking time out of their busy schedules and the contributions from subject matter experts in the field of digital transformation, finance, investment, and policy. Everyone shared their experiences and provided valuable insights on the role that digital technologies play in managing and operating their businesses, particularly during the COVID-19 pandemic.

Table of Contents

List of Figures

List of Tables

List of Boxes

Acronyms and Abbreviations

ABA	ASEAN Bankers Association
ADB	Asian Development Bank
AFIN	ASEAN Innovation Network
APAC	Asia and the Pacific
APT	ASEAN-Plus Three
ASEAN	Association of Southeast Asian Nations
B2B	Business-to-Business
BNM	The Central Bank of Malaysia
CBM	Central Bank of Myanmar
Fin-tech	Financial Technology
FSC	Financial Services Commission
GDP	Gross Domestic Product
IFC	International Finance Corporation
INFE	International Network in Financial Education
KCCI	Korean Chamber of Commerce and Industry
KOSME	Korea SMEs and Startups Agency
LEAP	Leaders Acceleration Training Programme
MAS	Monetary Authority of Singapore
MFIs	Microfinance Institutions
MNOs	Mobile Network Operators
MSME	Micro, Small, and Medium Enterprises
MSS	Ministry of SMEs and Startups
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OJK	Financial Services Authority of Indonesia
P2P Lending	Peer-to-Peer Lending

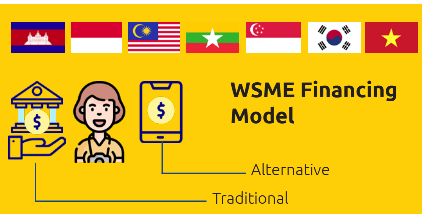
ROSCA	Rotating savings and credit association
SBV	State Bank of Vietnam
SC	The Securities Commission of Malaysia
SECC	The Securities and Exchange Commission of Cambodia
SME	Small- and Medium-Sized Enterprise
SMILE	Supporting Women into Leading Entrepreneurs
SOPAS	Konrad-Adenauer-Stiftung's Foundation Office for the Japan/Regional Economic Programme Asia
UK	United Kingdom
USD	United States Dollar
We-Fi	Women Entrepreneurs Finance Initiative
WEFP	Women Entrepreneurs Financing Program
WMSME	Women-Owned Micro-, Small-, and Medium-Sized Enterprise
WSME	Women-Owned Small- and Medium-Sized Enterprise

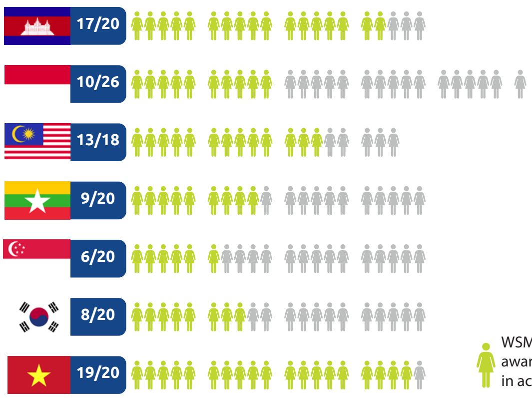
Executive Summary

Digitalization and WSME Financing

How does digitalization create new opportunities for WSMEs' access to alternative financing?

This report summarizes findings on WSME financing based on the previous qualitative research publications in seven ASEAN-Plus Three (APT) countries—Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam. Digitalization offers an opportunity for WSMEs to accelerate their growth through alternative financing.





82/144

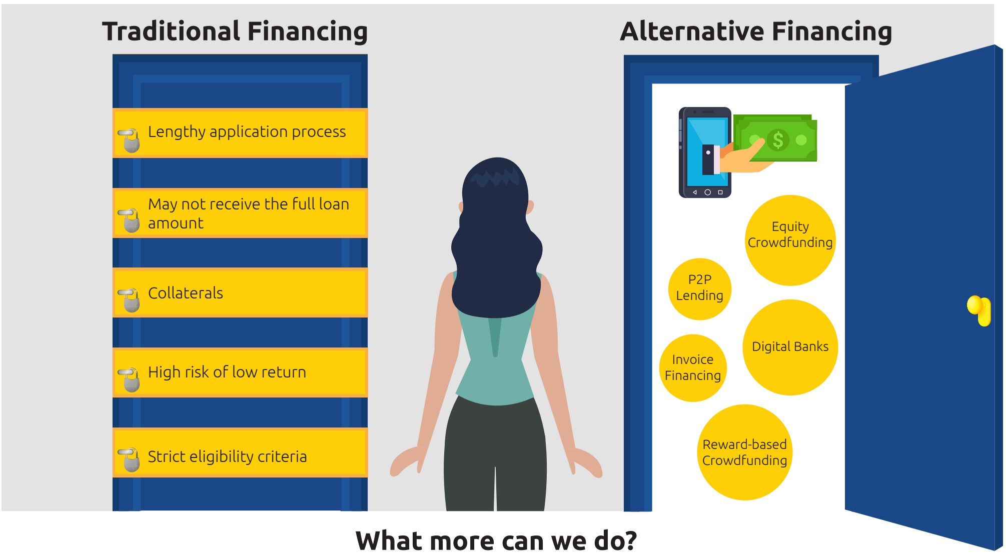
WSME participants in the 7 selected APT countries were unaware of the various financing models

WSME identified awareness as a challenge in accessing financing

Did not report

Participating WSME owners mentioned several challenges in accessing traditional financing

Alternative financing offers new opportunities to WSMEs, but many were unaware of these opportunities



What more can we do?

Public Sector

Strengthen bilateral and multilateral relationships among APT countries to accelerate the development of alternative financing ecosystem

Private Sector

Banks, financial institutions, and digital service providers should support the government in providing WSMEs with practical assistance in accessing alternative financing

While access to financing is a crucial factor in the growth of a business, it remains to be the top cited challenge among small businesses, including women-owned small- and medium-sized enterprises (WSMEs). This report highlights the role of digitalization to improve WSMEs' access to financing, with a particular focus on seven countries in the Asian-Plus Three (APT) Economy: Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam.

Financing gap persists among WSMEs in Asia Pacific, in general, and in the APT region, in particular. According to recent estimates, only 54% of the total demand of financing can be met by various financial institutions, with 70% of WSMEs remaining either unserved or underserved financially. In the seven APT countries reviewed in this report, the alternative financing scene has recently started to flourish, enabling WSMEs to grow their businesses by leveraging digital technologies and innovative financial products and services.

Through providing innovative lending products, efficient processes, and the power to amass a large crowd of retail investors, digitalization makes way for alternative financing solutions that can address the financing gap problem. With digitalization, WSMEs have more flexible options to finance their business without the need to provide collaterals, credit history, and complete financial reports. The benefits offered by alternative financing include a facilitated access to debt financing, a healthier cash flow, non-financial benefits, and a path for informal enterprises to join the formal economy. In this report, we focus on five alternative financing models and the available regulations in most APT countries, including peer-to-peer lending, invoice financing, equity crowdfunding, reward-based crowdfunding, donation-based crowdfunding, and digital banks. However, despite the availability of alternative financing, our results suggest that women entrepreneurs still account for a smaller portion of the adopters of digitalization. Major factors behind this trend include gender disparity in Internet access and mobile phone usage, cybersecurity risk, and internal risk aversion.

In this report, we provide an in-depth discussion of the lessons from the seven countries—Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam. Across these countries, self-financing was reported to be the most commonly used source of financing by WSMEs, with most of the interviewed women entrepreneurs combining it with other forms of financing. Furthermore, with regard to external financing, the WSME participants reported to most commonly use bank loans, followed by government grants. Overall, the interviewees from the seven studied countries mentioned the following three main types of challenges: financial literacy gap, the alternative financing awareness gap, and the lack of growth appetite among WSMEs. WMSEs reported to have low financial literacy to take full advantage of new opportunities offered by alternative financing. Financial literacy issues correlated with WSMEs' awareness of available financing solutions and should be addressed together. Furthermore, the relatively low growth appetite among the interviewed WSME participants stemmed from several factors such as aversion to risk, challenges in developing the growth mindset, preference for internal financing combined with a poor regulatory framework, the need to retain control of the company, and the fear of going through a complicated legal process and fulfilling tax obligations to have a registered company. These themes can serve as the starting point of stakeholders from both the public and private sectors to encourage WSMEs to more widely adopt alternative financing.

1 Background

Small- and medium-sized enterprises (SMEs) are a vehicle that women entrepreneurs frequently resort to in their business endeavors. According to available reports, women-owned micro-, small-, and medium-sized enterprises (WMSMEs) comprise about 60% of all enterprises in Asia and the Pacific.[1] In this context, it is important to support the growth of WSMEs, as increasing women's earning power can effectively improve the quality of life of their closest kin.[2] A key factor involved in business growth is access to financing. However, despite its central role in the entrepreneurial process, access to financing remains one of the main challenges that WSMEs face. Importantly, accessibility of an appropriate financing model has been one of the key drivers for the development, inclusive economic recovery, and growth of WMSMEs in the post-COVID-19 pandemic period.

In this report, we focus on highlighting new financing opportunities brought by digitalization for WSMEs in seven countries within the ASEAN-Plus Three (APT) economy—Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam. We also discuss lessons learnt from our previous research conducted within the framework of a series of the *Path to Success* reports developed by the Konrad-Adenauer-Stiftung Japan/Regional Economic Programme Asia (SOPAS) in collaboration with Woomentum (see Figure 1.1).

Figure 1.1 Cover pages of the series of research publications commissioned by Konrad-Adenauer-Stiftung's Regional Economic Programme Asia (SOPAS) research and advocacy program in collaboration with Woomentum

Box 1.1 ASEAN-Plus Three economy

ASEAN-Plus Three (APT) is a cooperation established in 1997 and consists of 10 Association of South East Asian Nations (ASEAN) member states, China, Japan, and South Korea. In the context of the SME development, the APT cooperation has considerably contributed to promoting productivity technology and innovation, increasing access to finance, enhancing market access and internationalization, improving policy and regulatory environment, and promoting entrepreneurship and human capital development.

WSME Financing Gap

According to a joint study by OECD and ADB, SMEs in Asia lag behind their global peers in access to financial services, specifically credit.[3] According to available estimates, the total demand for financing among SMEs in the Asia Pacific alone amounts to US$5.245 trillion, with only 54% of this total being met by various financial institutions[4] (Figure 1.2). It is estimated that over 70 per cent of women-led SMEs in the region are either unserved or underserved financially,[5] with over 60% of the surveyed MSMEs remaining unable to get a loan when they needed financing.[6]

Box 1.2 Definition of financing gap

OECD defines "financing gap" for small- and medium-sized enterprises (SME) as the lack of funding available from the formal financial sector for SMEs who could productively use those funds. [7]

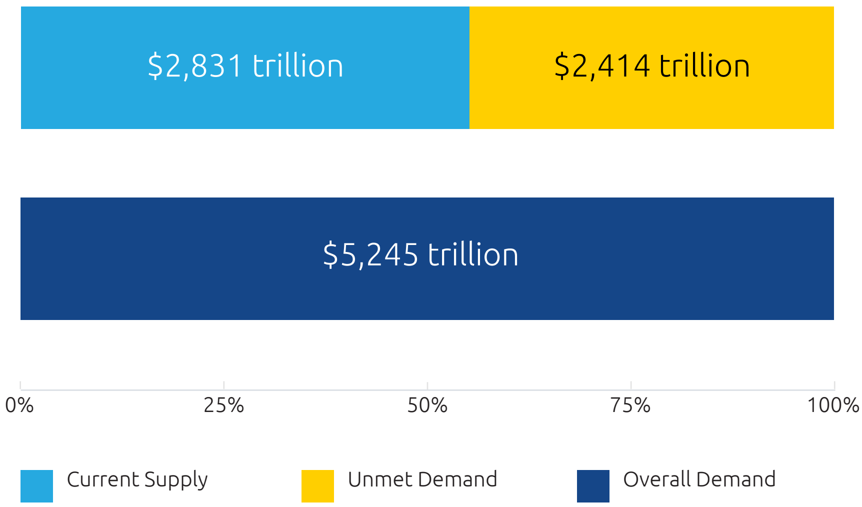


Figure 1.2 Unmet demand of SME market in Asia Pacific (in US Dollar)
Source: twimbit.com

An earlier study conducted by IFC estimated the SME financing gap in developing countries, including those within the APT region.[8] The results of this study revealed that the SME financing gap for women-owned SMEs in Cambodia, Indonesia, Malaysia, Myanmar, and Vietnam is smaller than the corresponding gap for men-owned SMEs, as the number of women-owned SMEs comprises a smaller portion of all formal SMEs operated in each country (see Figure 1.3). According to the IFC definition, the SME financing gap refers to the difference between current supply and potential demand that can be addressed by financial institutions.

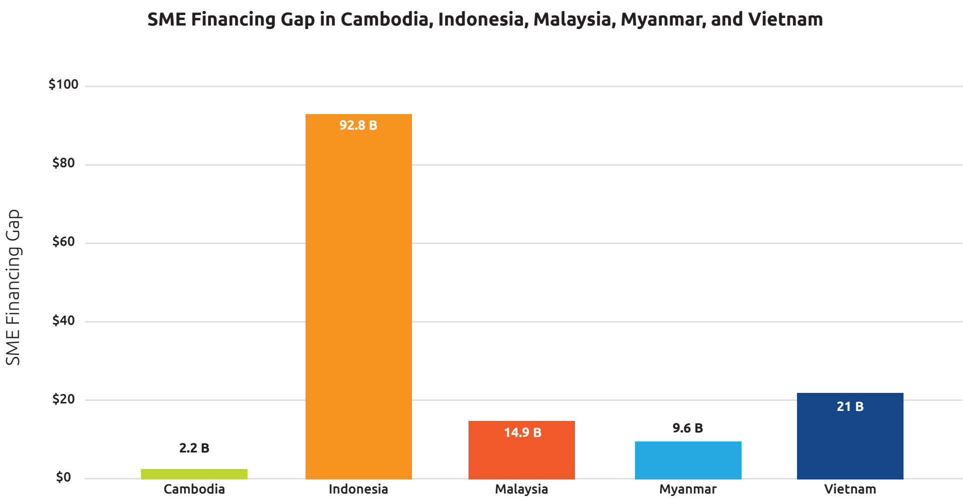


Figure 1.3 Summary of SME financing gap in Southeast Asian developing countries (in US Dollar)
Source: IFC's MSME Finance Gap 2018-2019 Database

Traditional Financing Models Are Not Meeting WSMEs' Needs

Two main traditional financing institutions that small businesses are most familiar with are commercial banks and Microfinance Institutions (MFIs). However, the services offered by these two types of institutions to WSMEs, in particular, and to SMEs, in general, frequently do not match their needs. Specifically, the loans required by small businesses often fall between the very small loans offered by MFIs (aimed primarily for retail borrowers) and the minimum-size loans provided by commercial banks (primarily targeting established enterprises). Institutional investors such as venture capital or private equity also set up a high level of minimum investment threshold, that small businesses rarely qualify for.

Furthermore, several commercial banks require collaterals from their borrowers—a condition that hinders women entrepreneurs from applying for loans. In some cultures, women are excluded from asset ownership, and a loan application might require a husband's approval. Another main reason is the nature of a small business itself, which frequently does not have a sufficient credit history, organized financial reports, and administrative documents required for a formal, institutionalized loan or investment. All this has resulted in the limited access to financing via institutions and has contributed to the informal borrowing culture prevalent in most Asian countries.

Digitalization Enables Alternative Financing

Box 1.3 Definition of alternative financing

In this report, alternative financing is defined as the entirety of new solutions enabled by digital technologies and offering access to financing outside of the traditional financial institutions such as banks and capital markets.[11]

Digitalization enables the emergence of diverse new financing solutions (alternative financing) for WSMEs through financial technology (fin-tech). Technology optimizes credit risk/process, thus facilitating the assessment process and making the application process more inclusive for businesses. Accordingly, alternative financing can help to overcome the challenges of accessing traditional financing.

Alternative financing solutions can be provided by multiple players—ranging from fin-tech firms, banks, financial institutions, and large tech companies to mobile network operators (MNOs). Traditional lending processes such as the underwriting and loan servicing tasks can be automated—which makes it significantly cheaper, faster, and easier to provide financing to SMEs. Availability of data and advanced data analytics also provide information to assess the credit risks of SMEs, which can also be used by traditional financing institutions (i.e., banks) to develop new financing services to cater small businesses. In addition, digital financial products such as payment can help informal businesses to establish a credit history, thus bringing them a step closer towards formal financing.

2 Opportunities Created by Alternative Financing

Alternative financing solutions can effectively narrow the financing gap while providing women entrepreneurs with valuable opportunities of facilitated access to debt financing, a healthier cash flow, non-financial benefits, and a reduced gender bias. Through the provision of innovative products and efficient processes, new financing solutions can amass a large crowd of individual investors to actively participate in the lending and/or investing scheme. WSMEs now have options beside commercial banks' complicated loan processes that frequently require collaterals, credit history, and complex financial reports.

Between 2019 and 2020, online alternative financing firms in the Asia Pacific region, with their 8% of the global market share, ranked fourth by volume in the world—after their counterparts in the United States, Canada, the UK, and Europe. This constituted an increase from 5% in 2019 and 2% in 2018. Online alternative financing has facilitated over \$18.5 billion in total funding, which was a 38% increase as compared to the total volume recorded from 2013 to 2018.[3] There was also a substantial increase of online alternative financing volume that went to MSMEs, rising by 51% year on year from \$35 billion in 2019 to \$53 billion in 2020. Furthermore, P2P lending exhibited its potential of creating a more inclusive financing environment, with 72% of its clients categorized as unbanked, and 27% as underbanked. However, despite the new opportunities that could potentially reduce gender gaps in financing, at present, female fundraisers remain in the minority. Specifically, the increase in the number of female fundraisers in alternative finance activities in Asia Pacific has been incremental (1%).[12]

Alternative Financing Models

Overall, there are three main categories of alternative financing that can be used by WSMEs that employ online platforms as intermediaries: (1) debt-based model; (2) equity-based model; and (3) non-investment-based model.[12] The forth emerging category is digital banks (see Table 2.1).

Table 2.1 Types of alternative financing models

	Type	Definition
P2P Business Lending	Debt-Based Model	Individuals or institutional funders provide a loan to a business borrower.[12]
P2P Property Lending		Individuals or institutional funders provide a loan secured against a property to a consumer or business borrower.[12]
Invoice Financing		A way for businesses to borrow money against the amounts due from their business-to-business (B2B) customers.[12]
Equity Crowdfunding	Equity-Based Model	Individuals or institutional funders purchase equity issued by a company.[12]
Reward-Based Crowdfunding	Non-Investment-based Model	Backers provide funding to individuals, projects or companies in exchange for non-monetary rewards or products.[12]
Donation-Based Crowdfunding		Donors provide funding to individuals, projects or companies based on philanthropic or civic motivations with no expectation of monetary or material return.[12]
Digital Banks	Others	Digital banks are licensed to operate alongside incumbent banks to take deposits from and provide banking services to retail and non-retail customer segments and to SMEs.

Figure 2.1 shows several examples of legally available new financing solution providers actively operating in Malaysia, Indonesia, Singapore, South Korea, and Vietnam. The figure does not include Myanmar, as its current political instability due to which some businesses have ceased operations (see Box 3.1 for further detail) influences alternative financing. Cambodia is also excluded, as alternative financing platforms in this country are still under-regulated.

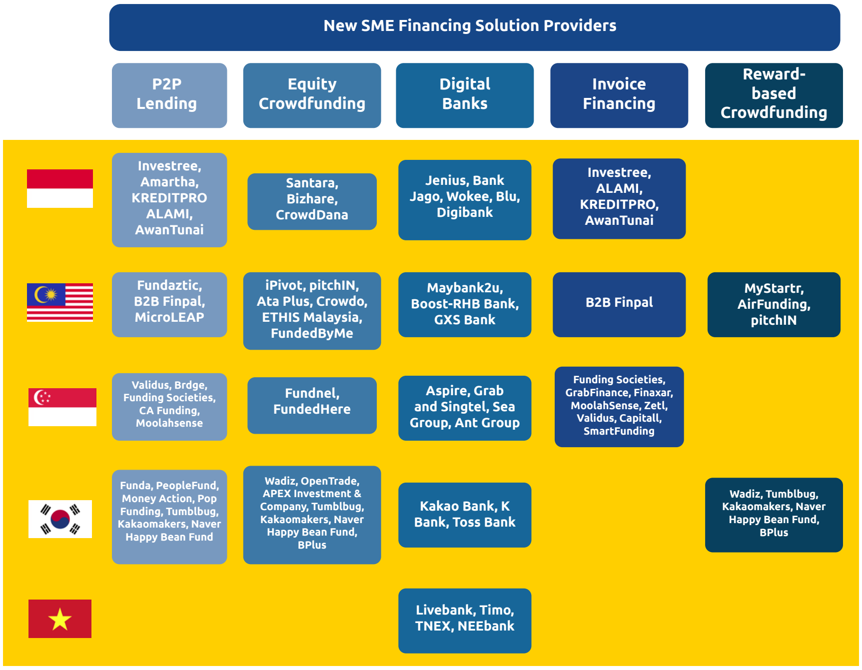


Figure 2.1 Legally-operating new SME financing solution providers

Why WSMEs Should Leverage Alternative Financing

Technology creates a level-playing field for smaller companies to compete against larger companies, especially through alternative financing. There are two major reasons why WSMEs should leverage digitalization and alternative financing: (1) gender-specific reasons and (2) general reasons that are also applicable to all SMEs. Most importantly, alternative financing is increasingly regulated among APT countries, ensuring safety of both investors and small businesses.

Gender-specific Reasons

Gender bias in access to financing opportunities remains an important challenge for all WSMEs. Our research in Singapore highlighted the lack of gender-disaggregated data to inform policy making, as well as the lack of gender-lens financing as the point to be improved. In addition, we also observed the lack of unconscious bias training offered by financial institutions and SME financing providers.

The most prominent benefit of alternative financing for women entrepreneurs is the reduced gender bias in the financing process. In this respect, a recent article revealed that banks in Vietnam perceived women entrepreneurs as less knowledgeable about their business, as riskier borrowers due to less collateral ownership, and as having less profitable businesses as compared to those of their men counterparts.[12] As indicated in our *Path to Success* report series, in a South Korean government grant application, a female applicant would be frequently asked questions related to her gender that implied an underestimation of her capability. By providing a more objective assessment, digitalization ensures fairness in the financing application process. In many cases, as long as the applicant company shows a convincing business plan, cash flow projection, traction, and customer acceptance, gender should cease to be a challenge.

> I sometimes feel discomfort when trying to access government grants. The officials would often ask if I understood technology because I am a woman.
>
> —A WSME owner from South Korea

General Reasons

General reasons why WSMEs should leverage digitalization and alternative financing are that alternative financing eases access to loans and investment, creates a healthier cash flow, as well as provides benefits beyond the financial benefits such as market testing. Accordingly, the studied countries have developed relevant regulatory frameworks to ensure safety of both investors and small businesses in the alternative financing ecosystem.

First, the ease of access to debt financing is favorable for small businesses, as they can maintain control of the business. Relevant examples of debt financing include traditional bank loans, personal loans, government-backed loans, credit cards, and overdrafts. However, while available to WSMEs, the debt financing instruments are not widely adopted due to the associated time-consuming and resource-intensive application processes. A relevant alternative financing option that can address this problem is P2P Lending. To apply for this option, WSMEs do not have to provide collateral and financial documentation. At the same time, P2P Lending is highly competitive vis-à-vis banks in terms of its speed, as P2P loans are processed faster through online platforms using advanced technology at all stages of the credit allocation process.

The second general reason for WSMEs to adopt digitalization is that it creates a healthier cash flow. The shortage of cash is one of the top reasons why most businesses fail.[13] For instance, a strong positive cash flow provides businesses with numerous opportunities to invest in their growth. Yet, a problem that negatively affects cash flow is the time gap between invoicing and payment. This requires WSMEs to find alternatives to maintain a stable cash flow. In this context, invoice financing is a helpful model that provides a way for WSMEs to borrow money from financial institutions against the amounts due from customers. In return to receiving cash earlier, businesses pay a percentage of their invoice amount to the lender as a fee for borrowing the money. Advantages of invoice financing include an improved cash flow, the possibility to extend payment terms with confidence, a growing amount of loans permitted according to the size of business, flexibility to finance invoices, as well as a short-term capital injection that can complement other forms of financing. The mechanism of invoice financing is illustrated in Figure 2.2.

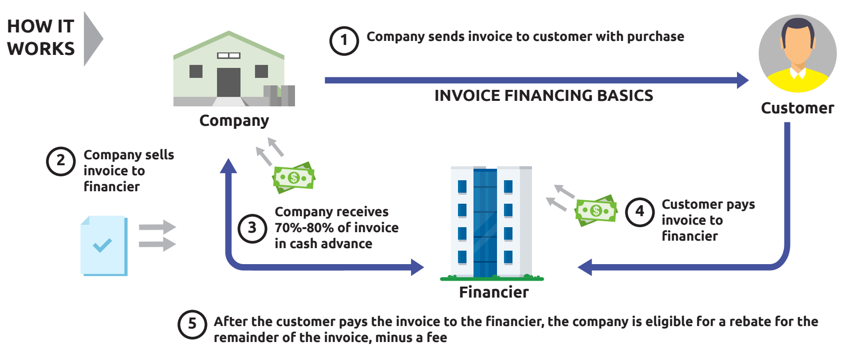


Figure 2.2 The mechanism of invoice financing as explained on the Funding Societies Blog[14]

Of note, alternative financing also provides benefits beyond financial aspects. For instance, P2P Lending platforms publicly showcase available loans that can be selected by investors to be funded, alongside the progress and total funds raised. Since anyone can participate in the development of startups and small businesses, a community of early adopters of their products or services is created, and the company can indirectly market its product/service to a large number of individuals/retail investors. An alternative financing option is reward-based crowdfunding that can be likened to donations. This type of crowdfunding presupposes individuals' donating to a project or business with the expectation of receiving non-financial rewards in return, such as goods or services. It is one of the cheapest ways to raise capital that does not require collateral, credit check, or previous business experience. WSMEs retain all equity and control of their company, while the platform helps them to gain exposure, establish a customer base, and create brand awareness. Noteworthy examples of a reward-based crowdfunding platforms in the APT region include South Korean Wadiz (see Figure 2.3) and Tumblbug.

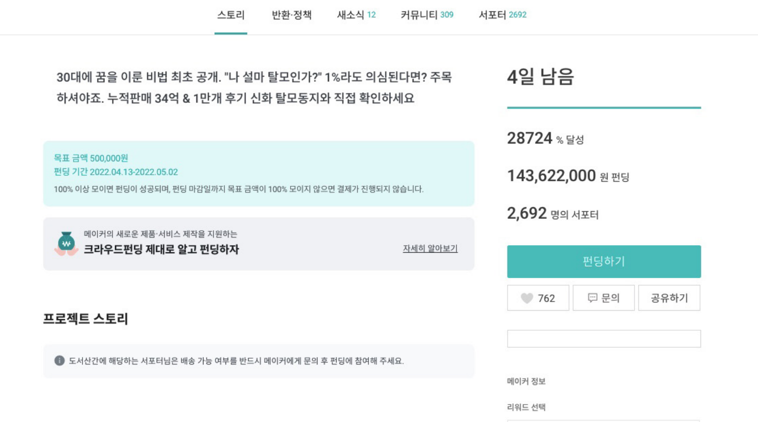


Figure 2.3 An example of the Wadiz crowdfunding page

Alternative Financing is Increasingly Regulated

The final reason why WSMEs should start leveraging alternative financing is the availability of relevant regulatory frameworks protecting both investors and small businesses in the studied countries. For instance, emerging fin-tech firms should apply for a license from the corresponding regulatory body, provide regular financial statements, and ensure compliance with regulations.

In this respect, Malaysia is the pioneer when it comes to regulating P2P lending and providing licenses to platforms for such activity, issued by the Securities Commission Malaysia. By December 2018, a total of 643 MSMEs in Malaysia raised capital through the P2P platform, with funds totaling USD49 million and transaction volume rising four-fold since 2017.[15] Similarly to Malaysia, Indonesia, Singapore, and South Korea are now leading in the development of P2P lending regulation. In contrast, however, no information on corresponding policies on P2P lending and data is currently available for Cambodia and Myanmar.

US$ 49m **of capital was collected through the P2P platform by 643 MSMEs in Malaysia until December 2018 with transaction volumes increasing four-fold since 2017**

Regulatory frameworks on alternative financing aim to make the sector safe for all actors, including WSMEs, as well as to build trust among all stakeholders in the ecosystem.[15] Institutions responsible for the development of the regulatory framework in each country are summarized in Table 2.2. Of note, the regulatory environment in Myanmar and Cambodia is not as established as in the other five countries.

Table 2.2 List of regulatory bodies in the seven selected countries within the APT region

Country	Regulatory body
	The Securities and Exchange Commission of Cambodia (SECC)
	Financial Services Authority (OJK)
	The Securities Commission of Malaysia (SC)
	The Central Bank of Myanmar (CBM)
	Monetary Authority of Singapore (MAS)
	Financial Services Commission (FSC)
	State Bank of Vietnam (SBV)

Reasons Behind Underleveraged Alternative Financing Solutions

Despite the growing trend to adopt alternative financing, women entrepreneurs still experience a gender gap and account for a smaller portion of alternative financing adopters. This finding is unsurprising, as women have less access and/or usage of conventional financial products, such as bank accounts, savings, and credit. While in high-income countries, 47% women own an account as compared to 55 % men, in developing countries, the distribution is far less balanced, with 27% women vs. 46% men.[16] Gender gap is also explicit in savings and credit behavior in developing economies, with 29% women reporting to have saved in the past 12 months as compared to 33% men. Finally, in terms of credit, only 32% of women report having credit as compared to 37% men.[4]

With regard to alternative financing, relevant reasons also include gender disparity in Internet access and mobile phone usage, cybersecurity risk, and risk aversion. In this respect, a 2020 study by ADB found that 39.5% women in Asia and the Pacific (APAC) used the Internet as compared to 47.5% men in the region.[17] Similarly, there has been uneven progress in mobile penetration across APAC, with South Asia having the biggest gender disparity in mobile phone access (38%). With this trend of a lower Internet and mobile adoption among female entrepreneurs, fewer women can access information on alternative financing, let alone participate in the system.

Finally, the growth and development of technology accelerate cybercrime, making it reasonable for women to be more prudent when exploring new technologies, including digital alternative finance. Accordingly, one of the reasons for not using alternative financing that our WSMEs participants frequently mentioned is risk aversion. As indicated in the *Path to Success* report series, instead of seeking support from established financial institutions such as banks and fin-tech startups, women entrepreneurs tended to resort to personal loans from friends and family. In our results, this trend markedly differentiated women entrepreneurs from their male counterparts.

3 Lessons from Seven Selected Countries

This report is a synthesis between secondary research and primary data obtained from the two volumes of *Path to Success* reports that focused on digitalization and WSMEs among seven countries located within the ASEAN-Plus Three (APT) Economy. The first study was conducted in 2020, focusing on Indonesia, Malaysia, Cambodia, and Myanmar. The second study was conducted in 2021, with a focus on Singapore, Vietnam, and South Korea. A total of 144 selected WSME participants and 60+ experts were interviewed to understand the opportunities and challenges faced by WSMEs and how digitalization can help their business to grow. In this section, lessons related to WSMEs' access to financing will be explored.

Self-Financing as the Main Source of Financing for WSMEs

Most of the interviewed WSME participants identified themselves as self-funded—indicating their strong preference for more traditional financing, such as personal savings, bank loans, or credit lines. This mindset highlights WSMEs' fear that external financing could have negative consequences, such as demanding requests from external funders or losing some control of their company's direction. Of note, however, despite the predominant reliance on self-financing, most of our WSME participants also reported combining it with other forms of financing (see Figure 3.1), most commonly bank loans.

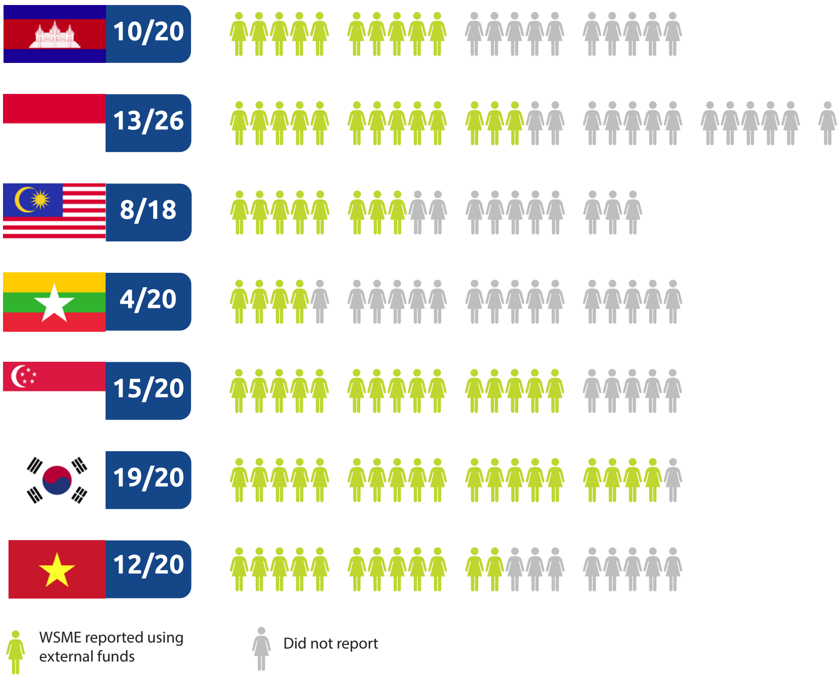


Figure 3.1 The WSME financing model reported by the participants

Figure 3.2 summarizes external financing instruments used by the 144 interviewed WSME participants in the period from 2020 to 2021. Larger bubbles indicate the solutions were used by many WSMEs and smaller bubbles indicate that the solutions were only used by few WSMEs. As can be seen in the figure, most WSMEs reported using internal financing (savings, personal funds, and operating profits) in combination with bank loans and/or government grants and other funding schemes. Interestingly, the WSME participants in Myanmar and Vietnam used more bank loans as compared to the participants from other countries. Furthermore, the WSMEs in Indonesia, Malaysia, Singapore, and South Korea used government grants. Government funding schemes were reported to be a reliable source of funding in Singapore and South Korea. More specifically, Singapore developed dedicated digital transformation grant schemes for SMEs distributed via SMEs Go Digital - Infocomm Media Development Authority (IMDA). Along similar lines, the South Korean government provides special programs for WSMEs and young entrepreneurs that are now becoming a preferred source of financing. For instance, two interviewed WSME owners from South Korea reported to have explored P2P lending at the time of their interview in 2021.

Figure 3.2 External financing instruments explored by WSME participants

Due to the ongoing political crisis, the SME landscape in Myanmar was evaluated separately. Box 3.1 summarizes the state of local businesses in Myanmar after the coup.

Box 3.1 The state of local businesses in Myanmar after the coup

In February 2021, the armed forces of Myanmar (the Tatmadaw), seized power from the civilian government after detaining democratically elected leaders in Naypyidaw. A military junta, officially known as the State Administration Council, was subsequently established.

In a report published by Myanmar's local economic research organization[18], after the coup SMEs in Myanmar are most likely to face transportation and cash flow problems, and other challenges such as poor quality productions and lack of foreign raw materials. The deteriorating conditions of the financing and banking sectors adds additional challenges for SMEs, as previously available financing options are no longer available or working in very limited capacity. Some businesses are no longer allowed to export due to international sanctions. SMEs cannot operate regularly and some can only operate to maintain the long-term staff.

One year has passed, and the World Bank[19] reported that the situation in the country continues to be undetermined. It caused a devastating effect on Myanmar's economy due the security environment and substantial weaknesses in both supply and demand. The deteriorating security environment in many parts of Myanmar has affected not only business operations and logistics, but also confidence and appetite to invest. At the same time, business firms continue to report sharp reductions in sales and profits, cash flow shortages, access to banking, internet services, and supply-side constraints have worsened in recent months. Internet restriction, in particular, has affected SMEs to pivot from online service modes to traditional modes as compared to large firms. Interestingly, with regards to the financial sector, a subsequent easing of some internet restrictions and banking system constraints may have contributed to a recovery in the digital payments business.

Myanmar's SME portal is no longer updated. The latest news on https://msmemm.org/ was published in October 2021 to highlight the Union Minister visits.

Financial Literacy Gap

Box 3.2 Definition of financial literacy

OECD International Network in Financial Education (INFE) defined financial literacy as *"a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing."*[20]

SMEs today still lack the financial literacy to be able to take full advantage of the market (see Figure 3.3). Moreover, WSMEs face challenges in developing business plans or financial acumen, which might lead investors to shy away from the lower end of the sector. Furthermore, as compared to their male counterparts women entrepreneurs appear to be more vulnerable in terms of collateral availability and cost of funding. Thus, female entrepreneurs, particularly during their first-time experience, frequently require specific support and mentoring in fulfilling bank requirements.

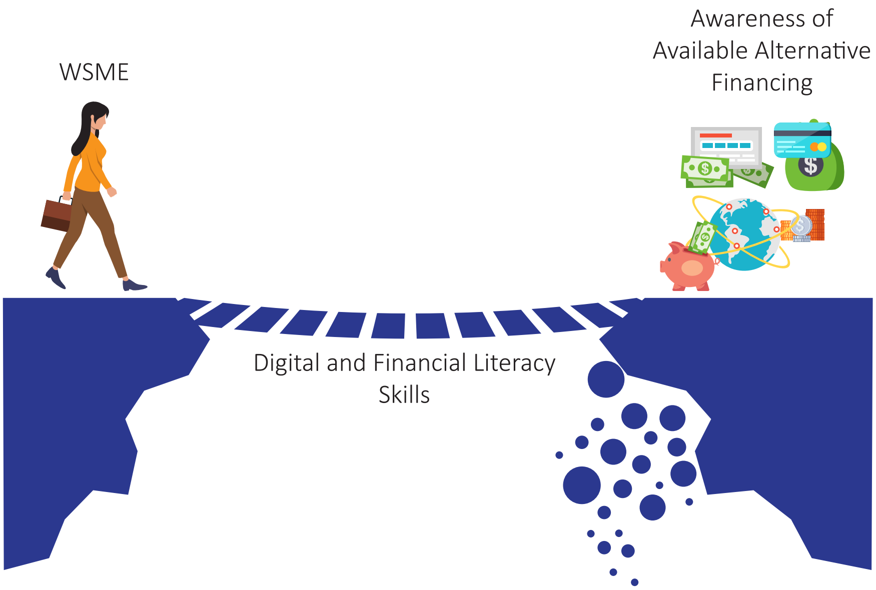


Figure 3.3 Illustration of how digital and financial literacy skills can increase WSMEs' awareness of available alternative financing

The ADB study on Vietnam's market suggested that a higher level of financial literacy has a strong positive effect on an individual's awareness and use of fin-tech products (see Figure 3.3).[21] Through providing a better understanding of a business with a more complete financial picture, a better ability to manage and monitor cash flow, and an in-depth understanding of the financial implications of each business decision, financial literacy is essential for all entrepreneurs. In our results, although the interviewed WSME participants did not explicitly mention the lack of financial literacy, it was the underlying cause behind their reluctance in adopting alternative financing. In Cambodia, the National Financial Inclusion Strategy 2019-2025 highlighted the financial literacy rate of 18%, ranked 135th out of 144 countries,[22] indicating that a large share of the population in the country has very limited knowledge and ability to engage with formal financing services.

In the *Path to Success* report series, financial literacy was identified by the interviewees as a key concern that adversely affected how they approached various financing models. The reports also revealed several country-specific patterns. In Indonesia, for instance, financing decisions were reported to be additionally influenced by inner circle and religious beliefs, with Muslims avoiding the concept of *riba* (usury). In Cambodia, critical factors that the interviewees mentioned along with the lack of financial literacy were tax compliance, digital literacy, and English language. Furthermore, the WSME participants in Vietnam elaborated on the notion of the lack of financial literacy gap with references to limited understanding of bank processes, unclear future projections, available financing solutions, and uncertainty on how to approach the right type of capital for their businesses. In Singapore and South Korea, although financial literacy skills were not discussed explicitly, several WSME participants articulated their confusion about the types of financing options they would need, as well as the aspects they would have to prepare and consider in order to obtain funding.

Financing Awareness Gap

Another obstacle that the interviewed WSME participants reported to have faced with regard to alternative financing is their awareness gap. As can be seen in Figure 3.4, nearly all WSME participants in Vietnam (19/20) had low awareness about available access to alternative financing, followed by the interviewees from Cambodia and Malaysia. Interestingly, however, the data from Vietnam revealed WSMEs' awareness gap only in access to government support and grants. In contrast, Singaporean WSMEs were the most aware of government grants and alternative financing options as compared to their peers in the other six countries.

Overall, WSMEs' lack of awareness about alternative financing was frequently accompanied by other traits or characteristics, such as risk avoidance or time constraints to acquire new information. For instance, among the interviewed Malaysian WSMEs, there was a preconception that companies resort to alternative financing due to their inability to secure bank loans. Likewise, the WSME participants in Indonesia claimed that they were unaware of available financing options and had no urgency in learning about external financing. In general, the interviewed WSME participants in all seven countries except for Singapore showed reluctance to adopt alternative financing options such as P2P lending due to unfamiliarity with the regulations.

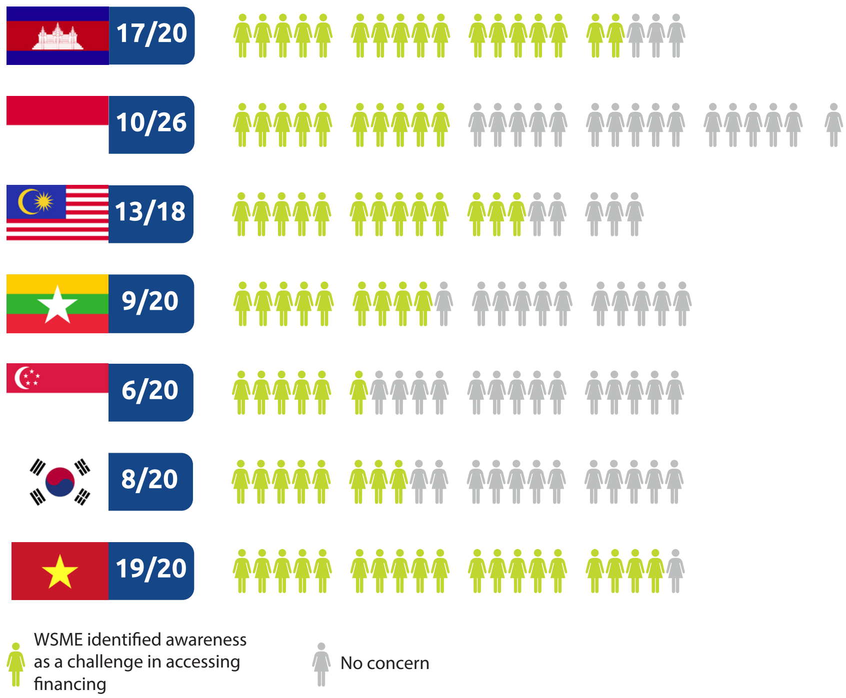


Figure 3.4 Proportion of the WSME participants who experienced challenges in awareness of various types of financing models

Government Efforts to Increase Awareness

The third concern concerning WSMEs' access to alternative financing is the substantial gap between WSME financing awareness and stakeholders' efforts. To narrow this gap, the government, central banks, and commercial banks in each country have provided publicly accessible information, as well as outreach initiative programs directed to small businesses. In what follows, we discuss three notable examples of such initiative in Malaysia, South Korea, and Singapore.

In Malaysia, as the first step towards building WSMEs' growth appetite, the central bank of Malaysia (BNM) provides training, roadshows, and workshops to raise female entrepreneurs' awareness about available financing opportunities. In addition, the Women Entrepreneurs Financing Program (WEFP) of the SME Bank Malaysia requires applicants to attend the Leaders Acceleration Training Programme (LEAP), which aims to improve women entrepreneurs' competencies.

In South Korea, the Korea SMEs and Startups Agency (KOSME) provides financing for SMEs along with advisory programs. Some organizations offer, on top of funding, development and acceleration programs, such as, for instance, Krypton, Sparklabs, and Shinhan Financial Group. In addition, the South Korean Ministry of SMEs & Startups (MSS) established a "Women's Business Brand" under its Supporting Women into Leading Entrepreneurs (SMILE) program brand. The MSS built 11 national support centers and assigned one center per region to provide free consulting services for women entrepreneurs, encouraging them to take advantage of the right information at the right time. Finally, business associations such as the Korean Chamber of Commerce and Industry (KCCI) offer online workshops and consultations for SMEs.

In Singapore, a network of policies connects all ecosystem stakeholders such as capital providers, government entities, NGOs and development institutes with their own role in reducing difficulties faced by the WSMEs. SME Center is an important organization in Singapore, where they provide information, practical assistance including mentorship to help SMEs improve their financial and digital literacy. SMEs can book appointments with consultants for one-on-one consultations at their own convenience. United Overseas Bank and Singapore Management University Asian Enterprise Institute have also partnered to launch initiatives that include SME Learning Portal, SME Development Stories, and SME Consulting Program where students from the university provide business consultancy for local businesses.[23]

Growth Appetite of WSMEs

Figure 3.5 Illustration of WSMEs' growth appetite

The results also revealed that the growth appetite of WSMEs is influenced by several factors (see Figure 3.5). In Malaysia, most of the interviewed WSME participants admitted to have aversion towards borrowing or towards giving up equity to external parties. They expressed mistrust in alternative financing—commenting, for instance, on high interest rates offered by P2P lending, dubious investors, or fearing the loss of their companies' autonomy. This mindset is clearly an obstacle for WSMEs in their exploring alternative financing instruments and influencing their growth appetite.

“

Some founders would rather i) prioritize operational cost management over financing; ii) prioritize internal funding over external financing; iii) prioritize stability over growth; and iv) avoid external capital

—An SME expert from Malaysia

Our results reported in the *Path to Success* series revealed the following themes that contributed to the relatively low growth appetite of WSMEs:

Informality and structural constraints. In Cambodia, business informality and structural constraints were identified by 20 WSME interviewees as an important factor that adversely affects their businesses' growth appetite. Here, structural constraints refer to various political, economic, social, and cultural factors that limit individual decision-making ability. Growth frequently requires businesses to formalize into a legal entity. This triggers tax obligations—a responsibility that small businesses are frequently not prepared to take.

Risk aversion. In Indonesia, 26 WSME participants reported opting to pursue financial options that seemed to be “safer,” such as personal savings and loans from close family and friends. In South Korea, most of the 20 WSME interviewees reported to experience risk aversion. In addition, gender-related challenges were experienced by the participants when raising external capital. For example, a WSME owner in South Korea shared her experience of her expertise as a female entrepreneur being questioned when she applied for government-backed support. This experience negatively affected her motivation and confidence in growing her business.

Growth mindset. In Malaysia, the advisory panel found that the adoption of a more growth mindset can help WSMEs to become more willing to adopt digital technologies, including alternative financing. There was a general wariness among the respondents in wanting to digitalize, and high costs were cited as the main barrier to this goal. The interviewees also mentioned the need to better understand how alternative financing platforms would help them to address their financing needs.

Preference of internal financing combined with poor regulatory framework. In Myanmar, all 20 WSME interviewees used their personal savings, as well as sales revenues or secondary sources of income, to start their businesses. Along with the difficulty in accessing traditional financing such as bank loans, the interviewees also mentioned that the regulatory frameworks for alternative financing were also underdeveloped. This trend was further exacerbated by the military coup in February 2021.

Retain control of the company. In Singapore, except for a few WSMEs that pursued aggressive growth through VC funding or venture debt from banks, most of the interviewed WSME participants preferred retaining control of their business over raising capital.

Other Unique Financing Situations Experienced by WSMEs

WSMEs in the seven studied countries also face unique challenges that should also be taken into account. By understanding these challenges, WSME ecosystem stakeholders and supporters can take adequate action to help overcome issues hindering WSMEs' growth.

Indonesia: Mindset Influenced by Religious Beliefs and Concerns About Data Privacy

> “
>
> We consider our Islamic religion, (so) we are trying to survive without alternative financing.
>
> —A WSME owner from Indonesia

WSME participants in Indonesia mentioned that their decision-making process regarding financing is influenced by their religious beliefs. Specifically, Muslim WSME owners explained that they were concerned with *riba* (usury), or charging interest to loan amount, which is a concept forbidden in Islam. Since Islam plays a major role in the Indonesian society, the growing number of financial institutions and solution providers try to meet the market demand by providing financing products that comply with *Sharia* (Islamic law).

Similar trends may also be present in Malaysia, Indonesia's neighboring country, although there was no indication of this in our interviews data with 18 Malaysian WSME owners. However, *Sharia*-approved financing products in Malaysia are also accessible.

Concerns about data privacy are also a pertinent issue in Indonesia, especially in the context of the recurring news about data breach experienced by multiple governmental institutions. Sensitive data such as individuals' full names, mother's names, national identification numbers, and even social security numbers were leaked and became available for purchase on the dark web.[24] Accordingly, people have to be extremely careful when submitting their sensitive data, especially on digital platforms. Data security is a critical factor that influences user security vis-à-vis alternative financing options.

Cambodia: *Tong Tin* as an Alternative Financing Solution

Our interviews also revealed that many WSME participants in Cambodia reported having sought loans from different funding sources, such as bank loans and *Tong Tin*. However, since banks usually require excessive collateral, but offer insubstantial interest, many WSME owners seek the most accessible alternative—*Tong Tin*. *Tong Tin* is a de facto lending institution that offers informal rotating savings and credit association (ROSCA).

The phrase *Tong Tin* is borrowed from a similar Italian system of loans called “tontine,” which is used to denote an informal lending institution that embraces a group of people with one “president” who oversees all transactions.

Tong Tin is a Cambodian SMEs’ way to avoid banks. In *Tong Tin*, deposits, loans, and interest payments are made in cycles, usually once or twice a month. For instance, a *Tong Tin* of 20 people decide they will have monthly cycles of loan distributions. Each month, the members will then give $100 to the president, who acts as a banker. With $2,000 in such a *Tong Tin*, all members will meet at a scheduled time point to prepare secret bids for the amount of “interest” each person is willing to pay for the loan that month. Instead of fixed annual interest rates offered by Cambodian banks, the *Tong Tin* rates can be much higher than what banks would offer and paid monthly.

The interviewed Cambodian WSME owners who used the *Tong Tin* system noted that, while this loan method is culturally well accepted, it requires building trust between both parties (the borrower and the lender). In addition, although *Tong Tin* does not require any formal collateral requirements typical of banks, it sometimes requires a witness by peer lenders. Borrowers can also be asked to deposit a valuable item for loan safety.

4 Supporting WSMEs to Better Leverage Alternative Financing

According to the results we previously reported in the *Path to Success* report series, stakeholders should address the underlying factors and create a supportive ecosystem that would help WSMEs build their confidence and growth appetite. In fact, business growth is essential for economic sustainability, while risk is something they have to inevitably face. Accordingly, we formulated relevant policy and practical recommendations on WSME financing with a particular focus on helping WSMEs to better leverage new financing solutions. These recommendations are presented based on the policy cycle stages. Box 4.1 explains the concept of policy cycle.

Box 4.1 The policy cycle

The policy cycle unfolds in several stages: agenda setting, policy formulation, decision making, policy implementation, and monitoring and evaluation (Figure 4.1). While agenda setting comprises many policy tasks, including identification of policy issues and options, environmental scans, and consultation with the public, policy formulation includes a range of policy tasks, such as appraising policy options, collection of policy-related data, negotiating with stakeholders, and preparing position papers.

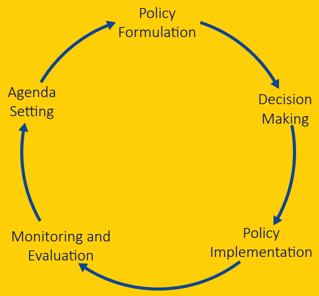
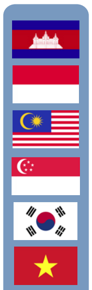
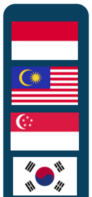


Figure 4.1 Policy cycle

Furthermore, decision making involves comparing policy options, developing decision matrices, high-level briefing, negotiation with central agencies, and department planning. Policy implementation is the stage that incorporates implementing and delivering policy programs, negotiating with program managers, consulting with stakeholders, and conducting legal analysis. Finally, monitoring and evaluation include policy evaluations and conducting evidence-based policy analysis.

Key Policy Recommendations Applicable to the Selected Countries

Policy Cycle Stages	Country	Recommendations
Agenda Setting		• Strengthen multilateral cooperation among the selected countries to accelerate the development of alternative financing ecosystem • Use gender-disaggregated data to inform policies affecting WSME financing
Policy Formulation		• Develop regulation and provide licenses for new financing solutions • Set-up of regulatory sandboxes to encourage innovation in alternative and digital financing
Decision Making		• Approve and formalize new regulatory frameworks on new fintech areas including crowdfunding, cryptocurrency, and P2P lending
Policy Implementation		• Implement the regulatory sandboxes by governments to encourage innovation in alternative and digital financing • Increase business compliance to financing regulations to ensure safety of alternative financing
Monitoring & Evaluation		• SME financing policies should consider WSME size, maturity, industry business model, and cash-flow cycle to reach a wider range of qualifying companies with varying backgrounds • The government needs to be more firm in monitoring and evaluating financing services to attract more WSMEs to explore available options

Box 4.2 Policy recommendations for Myanmar

Policy recommendations for Myanmar are not given in this report, as it remains unclear which governing body has the jurisdiction and execution authority to effectively implement any policy recommendations specific to WSME access to financing in the country. Myanmar's economic and human rights context is also worsening, as a new political economy emerges under the military junta. As ASEAN's engagement of Myanmar has yet to yield results, calls for further sanctions and isolation from the international community continue. There also remains a question how the international community should respond to Myanmar's current political and economic situation. Under these circumstances, WSMEs in Myanmar are among the parties adversely affected by this situation.

Key Practical Recommendations Applicable to the Selected Countries

Increase WSMEs' Financial Literacy Skills and Narrow the Alternative Financing Awareness Gap

Increase public awareness and make the funding gap for WSMEs more visible. This recommendation is applicable to all countries.

It is necessary to nurture collaboration between the Royal Government of Cambodia sectoral programs and the private sector including local financial service providers to increase WSME financial literacy.

WSME mentors and trainers can incorporate data privacy and security issues into digital and financial literacy training to provide WSMEs with sufficient knowledge to protect themselves and their customers.

Mentorship and talks organized by business associations should also highlight success stories of WSMEs experience in alternative financing as role models.

Business associations and SME service providers can promote profiling of fundraising success stories and the use of digital financing solutions among WSMEs, as well as provide more aggressive funding opportunities, which will help to address the lack of awareness among WSMEs.

Private banks, financial institutions, and digital financial solutions providers should collaborate with business associations to educate WSMEs on the benefits of accessing financial services for fundraising and business growth.

WSMEs should be trained on how to do a self-assessment of their current financing needs and be informed about the different types of financing available. Next, training can focus on how to choose the most appropriate financing, how to approach banks/ investors, and how to qualify for funding. For WSMEs with a low digital literacy level and that are not part of any associations, NGOs and other development organizations should provide free assistance with basic tasks, such as filling out forms.

Nurture WSMEs' Growth Appetite

To address the informality issue and structural constraints, the private sector should nurture collaboration between the Royal Government of Cambodia sectoral programs to help WSMEs to better understand the process and benefits of having a registered business for their growth.

To address the growth mindset issue, WSME enablers in Malaysia should support the government by conducting more business accelerator/scale-up programs that would help WSMEs adopt a 'growth mindset' so they are not reluctant to explore new financing solutions. These programs should not be limited to tech companies and startups, but also include more established WSMEs of various industries. Success stories of WSMEs benefiting from alternative financing should be highlighted on major female-centric media channels.

To address the risk aversion issue, WSMEs in Indonesia and South Korea should be further encouraged to join in business associations—preferably women- focused ones—to enable knowledge-sharing of financial risk management strategies.

Financial institutions and service providers in Singapore catering to SMEs should provide fundraising and business scalability workshops with practical tools for business development targeting SMEs.

5 Conclusion

As revealed by the results of our seven case studies conducted in Cambodia, Indonesia, Malaysia, Myanmar, Singapore, South Korea, and Vietnam, alternative financing provides a potential solution for WSMEs to overcome various challenges that women entrepreneurs routinely encounter in traditional financing. Along with narrowing the financing gap, alternative solutions can provide women entrepreneurs with valuable other opportunities, such as a facilitated access to debt financing, a healthier cash flow, benefits that extend beyond financial benefits, and a reduced gender bias.

However, despite these benefits and the growing popularity of alternative financing, women still account for a smaller portion of the alternative financing adopters. Noteworthy reasons behind this trend include gender disparity in Internet access and mobile phone usage, cybersecurity, and risk aversion. Accordingly, governments should seek to prioritize closing the gender gap through relevant policies, regulations, and WSME support programs.

Several lessons can be taken from the seven selected countries. First, we found that self-financing remains to be the main source of WSMEs' financing, which is a result of a specific mindset that associates external financing with negative situations (e.g., demanding requests from external funders or losing control of the company). Second, WMSEs still lack appropriate financial literacy to take full advantage of the market, which is the underlying cause behind their reluctance to adopt alternative financing. Third, there is an awareness gap about financing among WSMEs, which is caused by cautiousness and time constraints in acquiring new information. Fourth, the relatively low growth appetite among WSMEs is influenced by several factors such as risk aversion, challenges in developing growth mindset, preference for internal financing combined with poor regulatory framework, the need to retain control of the company, and the fear of going through a complicated legal process and fulfilling tax obligations associated with establishing a registered company.

Based on these results, in our *Path to Success* report series, we formulated relevant policy recommendations to support WSMEs' decision to use alternative financing. In the agenda setting stage, we argued that all countries should strengthen multilateral cooperation to accelerate the development of alternative financing ecosystems, while using gender-disaggregated data to inform policies affecting WSME financing. In the policy formulation stage, Cambodia should develop relevant regulation and provide licenses for new financing solutions, as well as set up regulatory sandboxes to encourage innovation among WSME owners. In the decision-making stage, Vietnam should approve and formalize new regulatory frameworks on new fin-tech areas. In the policy implementation stage, Indonesia, Malaysia, and South Korea should implement regulatory sandboxes to encourage innovation in alternative financing. Previously, the Singaporean government has set a great example of enabling an alternative financing ecosystem to thrive in the country. The government has also started to form multilateral partnerships to help ASEAN countries to develop alternative financing regulatory frameworks. Most importantly, in the monitoring and evaluation stage, the seven countries should enhance their SME financing policies by taking into account business size, maturity, business model, and cash flow cycles. The corresponding governments would also need to be more determined in monitoring and evaluating alternative financing services to attract more WSMEs.

In conclusion, the *Path to Success* report series published in 2020 and 2021 outlined the current and prospective digitalization opportunities for WSMEs in the selected APT countries and provide valuable insights to address these challenges for all stakeholders. We welcome all WSME ecosystem stakeholders in the seven APT countries to collaborate with us to build customized advocacy and support programs that would effectively address WSMEs' needs and considerably improve their access to financing.

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