

# AccessBank

**2,000 (7,752 jobs supported and created at sub-borrower level)**

Employees

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**Region:** Azerbaijan

**Sector:** Financial Services

**Year of investment** 2014

**Fund intermediary:**

**Financial intermediary:**

**SIFEM investment into fund:** USD 6m (2007), USD 10m (2014)

**<http://www.accessbank.az/en/#contentLeft>**

*AccessBank was founded in 2002 to provide access to financial services for Azerbaijan's micro, small and medium enterprises (MSMEs) as well as to low and middle income households and is currently the leading MSME bank in Azerbaijan. The Bank offers mainly business loan products, though also mortgages, consumer credit, credit cards and normal retail banking services. SIFEM extended a USD 6 million senior loan to AccessBank in 2007, which was fully repaid in 2013, and has approved an additional commitment of USD 10 million in the form of a subordinated loan in 2014.*

We are very glad to have provided better chances to ordinary people in order for them to make their business better.

Dr. Andrew Pospelovsky, AccessBank former General Manager

## The Situation in Azerbaijan

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### Development Effects in a Nutshell

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- SIFEM's investment supported the diversification of Azerbaijan's economy via the promotion of AccessBank's MSME lending with 50% of SIFEM's funds specifically targeted to start the Bank's agriculture lending activities.
- By targeting the typically underserved MSMEs, AccessBank supports their sustained growth which in turn positively impacts the development of competitive sectors such as trade, services and production, as well as generates employment. The Bank's micro, small and medium loans made up more than 85% of the total loan portfolio in 2013.
- AccessBank is improving financial services for rural clients and increasing the availability of agriculture loans. The introduction of agricultural loans by AccessBank has further contributed to the diversification of the local financial sector and is beneficial especially for rural clients, which tend to have the narrowest access to finance. AccessBank's agricultural loan product recognizes the particular needs of agriculture clients by taking into account the specifics of

the investment and harvesting cycles in the agricultural sector. Adapting micro-lending to fit this need can unleash significant potential to serve farming businesses. AccessBank has become Azerbaijan's leading bank for lending to agricultural businesses with the agro loan portfolio reaching USD 130.5 million at year-end 2013, with an average loan amount of USD 2,400.

By year end 2013, the Bank's agriculture loan portfolio accounted for 19% of the Bank's total business portfolio in terms of amount. The Bank had a total of 42 branches, of which 30 are located outside of the capital city, Baku.

- AccessBank generated an additional 674 jobs within the Bank during SIFEM's initial loan period. The first SIFEM facility was used to extend at least 2,584 loans, which contributed to the support and creation of an estimated additional 7,752 external jobs.
- AccessBank takes proactive measures in training and supporting its employees, particularly women. Women constitute 35% of AccessBank's total workforce and 25% of the management - these are particularly high percentages for this region and sector.
- AccessBank's leadership has led to international recognition from bodies such as the Consultative Group to Assist the Poor (CGAP) for its commitment to transparency and accountability, its good practices in client protection and avoidance of over-indebtedness. In 2012, it was given the distinction of "Member of the Year" by the Azerbaijan Micro-finance Association (AMFA) and in 2013 it won the award for "The Best Bank in Azerbaijan" by Euromoney for the fourth consecutive year.

## A replicable model

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When AccessBank Azerbaijan first began as the "Micro Finance Bank of Azerbaijan" in 2002, LFS (a German consultancy group), who would later become the manager of AccessHolding, helped to set in place particular base operations including staff training, lending product definitions, hiring and incentive schemes, IT systems and other internal processes. Once AccessHolding was officially formed, it was able to replicate these base operations for its subsequent projects and integrate AccessBank Azerbaijan into the AccessHolding Group. AccessBank Azerbaijan has grown immensely since 2002, having almost tripled its loan portfolio, and is AccessHolding's most successful bank. It operates increasingly independently, providing an exceptional role model for subsequent AccessHolding projects.

AccessHolding now operates a network of 8 commercial banks in developing and transition countries: Azerbaijan, Liberia, Madagascar, Nigeria, Tajikistan, Tanzania, Rwanda and Zambia. AccessHolding leads the banks in sharing the same target focus on micro, small and medium-sized enterprises, a common brand identity, and a joint commitment to the same high standards and principles of transparency, ease of access, leadership, development and corporate responsibility.

## Loans: Examples

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### **Door Frames: Improving the Framework**

Bahrüz has been working making wooden frames for doors, windows and staircases for 30 years in his workshop in the south east of Azerbaijan. Bahrüz is well-regarded in his local community and his small business allows him to support himself and his family, as well as provides jobs for 4 additional employees.

He heard about the possibility of obtaining finance to expand his small business and in 2012 Bahrüz borrowed the equivalence of a EUR 5,000 loan from AccessBank to purchase a machine and the materials required to also produce frames made out of plastic. The addition of this machinery and equipment means that Bahrüz has been able to increase his efficiency and profitability in the workshop, leading to an increase of revenue by 30%.

### **Construction material trading company: Constructive Services**

Teymur and his family have owned and operated a small restaurant on the transit route from Baku to Iran for the last 10 years and wanted to find a way to use their entrepreneurial skills to expand and diversify their business activities. Using a loan obtained through AccessBank in 2011, they started a construction material trading company selling products such as sand, soil, paints and hardware supplies which is growing and has become a successful and much-appreciated element for their local community. As well as increasing the services available for their rural community, the loan from AccessBank also allows the trading company to provide employment to 5 people.

### **Agriloan: Cultivating Entrepreneurship**

Anar owns a large farm in the district of Salyan, where he lives with his sons and together they work to operate and cultivate the farm. Anar has been able to access finance via AccessBank's agricultural loan facility, which allowed him to subsequently purchase much-needed farm equipment, machinery and land, and thus increase the profitability and efficiency of his farm. As well as growing crops and raising cattle, Anar also has a number of small lakes where he breeds fish, which he sells at a local bazaar.

The introduction of agricultural loans by AccessBank has meant that Anar is able to continue to expand and cultivate his farm in a more efficient manner. He employs 10 people full-time with an additional 10 people employed during the harvest times.

## **Corporate Social Responsibility**

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AccessBank places a high importance on responsible banking and superior ethical standards. During the investment period, the Bank formalized its commitment by joining the UN Global Compact as well as the SMART Campaign for client protection. These initiatives promote adherence to human rights principles and environmental standards, and advocate transparency, ethical staff behaviour, and privacy of client data, to name a few. AccessBank was the first bank in Azerbaijan to join these initiatives.

## **Data as of 2013**

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