



Financial Institutions and the Banking on Health Project

In many countries, the private health care sector is a largely untapped market that may offer potentially rewarding new opportunities for your financial institution. Several global trends are expanding the role of the private sector, including health reform, new public and private health insurance options, and increased health expenditures.

These trends add up to business opportunities for banks that are willing to make the necessary investment to enter the health care market. The private health care market encompasses a variety of private business types such as:

- Small-scale service providers, including midwives, doctors' offices, and private clinics
- Pharmaceutical manufacturers
- Large clinics, hospitals, and health networks
- Pharmaceutical manufacturers and distributors
- Pharmacies

Banking on Health can assist your financial institution in entering this new market. We train bank managers and loan officers in health sector lending and in analyzing the health care market. We work with bank staff to develop loan products that meet the financing needs of the health sector. We can provide market research and borrower referrals. We also work closely with USAID's Development Credit Authority (DCA) guarantee program. If needed, we can structure a guarantee to lower your financial institution's risk in entering this new market. Our financial partners can include commercial banks, microfinance institutions, credit unions and co-operatives, investment funds, and leasing companies, among others. We tailor our services to the specific needs of financial institutions.

Banking on Health provides technical assistance and advisory services to financial institutions in the following areas:

- Bank training, which ranges from an introduction to health sector lending to loan structuring for financing specific health sector businesses
- Loan product development, including the provision of market information and technical assistance for product development and roll-out
- Market assistance
- Structuring and monitoring USAID's Development Credit Authority loan portfolio, bond, and loan guarantees in support of the private health sector

Banking on Health is a USAID-funded project that improves the ability of private health sector businesses to access credit, thereby expanding their capacity to deliver high-quality reproductive health and family planning services. Banking on Health can work with:

- Banks
- Microfinance institutions
- Leasing companies
- Equipment and product suppliers
- Equity funds
- Credit unions
- Other financing entities

Examples of the Banking on Health Project's Work with Financial Institutions

Philippines: Banking on Health is working with financial institutions in the Philippines to finance private midwife clinics. Lenders and managers from eight financial institutions have participated in the course entitled “Financing the Health Care Business: The Case of the Private Midwife Clinic.” Course topics included an introduction to the private health sector, understanding the midwife clinic business model from a banker’s perspective, credit analysis, cash-flow lending, and loan structuring for a midwife clinic’s financing needs. Banking on Health is also working with a financial institution in the Philippines to support the use of a health sector DCA guarantee.

Nicaragua: Banking on Health developed and conducted a training course for two banks on lending to private health clinics that are contracted out through Nicaragua’s social security system. Course topics included the following: understanding the health care market in Nicaragua, analyzing health care business models, understanding how different payment mechanisms affect cash flow and profitability, analyzing the risks and opportunities of lending to the health sector, cash-flow lending and financial analysis, benchmarking, and loan structuring and collections. Banking on Health is working with the two banks to support the use of a health sector DCA.