

# Market Sizing Tool

## User Manual

### SME Banking Toolkit



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## 1. OVERVIEW

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**The Market Sizing Tool** is a stand-alone, Excel-based model that estimates the addressable market size for financial institutions by calculating the total financial volumes and revenues generated by all entrepreneurs—disaggregated by business size and gender—with a specific focus on women-led and women-owned businesses. It integrates base-case or customizable parameters with benchmark data to produce a concise yet comprehensive snapshot of a market.

Focus audience: **TA Funders** **Commercial Banks** **DFIs**

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## 2. USE CASE & BENEFITS

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The tool provides a fast yet comprehensive estimate of market size by quantifying the number of MSMEs, calculating their financial volumes, and assessing the revenue generated. It also specifically disaggregates these estimates by business size and distinguishes between total MSMEs and those owned or managed by female entrepreneurs, ensuring a detailed and inclusive market analysis. It then estimates the potential additional financial volumes and revenues that a financial institution could capture by serving a larger market share indicated by the user.

This dual approach provides a comprehensive view of both existing market performance and future growth opportunities, ensuring that insights are aligned with real-world dynamics and strategic benchmarks.

### Strategic Decisions Informed

- **Market Entry and Expansion:** Tailor market entry strategies by understanding the size and segmented structure of the addressable market.
- **Resource Allocation and Product Design:** Determine how best to allocate resources and design financial services by analyzing the specific needs of different business size categories and gender dynamics.
- **Competitive Positioning:** Leverage insights—such as the first-mover advantage and the demonstrated long-term benefits (e.g., higher loyalty, faster growth, etc.)—to drive strategic initiatives and capture latent demand in the market.

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## 3. KEY OBJECTIVES

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- **Establish Market Size:** Provide an estimate of the total number of MSMEs, including a specific breakdown of those that are female-led or female-owned, ensuring alignment with internationally recognized definitions, such as those from IFC.
- **Quantify Financial Volumes:** Deliver estimates on the current and projected volumes of formal financial services (covering areas like deposits, loans, savings, transactions, and insurance) segmented by business size and ownership dynamics.

- **Estimate Financial Revenues:** Detail current and potential revenue streams—including net interest income, fee and commission income—from serving the identified market segments under prevailing market conditions, adjusted for risk.
- **Enable Customization:** Offer a parameterized interface where users can refine assumptions (e.g., market conditions, operational activity, baseline benchmarks) to tailor the output to their specific institutional and country context.
- **Support Strategic Insights:** Act as a decision-support tool that not only captures a one-time market snapshot but also informs ongoing strategic planning by contextualizing dynamic benefits associated with serving the female economic sector.

## 4. STRUCTURE & COMPONENTS

This tool includes 28 individual tabs (sheets). The table below provides a description of each tab.

Type	Tab Name	Description
General	Instructions & Overview	This is the landing page of the tool, providing general information about the file, including its overview, use case, objectives, and a high-level summary of each tab. It also offers guidance on how users can navigate and interact with the tool effectively. Additionally, it contains links to this PDF guide and the video tutorial.
General	Model Setup	This is the central configuration tab of the tool. It guides users step-by-step to tailor the model to their institutional and country context by adjusting key settings and preferences. The output in the next tabs adjust dynamically depending on the chosen country, segments, and market share assumptions.
Output (overview)	Growth Outlook Summary	This sheet presents a high-level overview of the market's growth potential, including a breakdown by MSME segment and by women-owned businesses.
Output (overview)	Country Context	Provides a snapshot of the broader enabling environment by highlighting key economic and labor market indicators, including employment patterns, financial access, and education levels. This context supports interpretation of MSME market dynamics.
Input	Assumptions Used	Serves as a point of reference by showing the exact setting of the assumptions that were used in the model as it was configured by the user.
Input	Segment Information	Allows users to input customized assumptions for different MSME segments. Baseline model values are provided alongside for comparison.
Input	Market Conditions	This is an essential sheet for ensuring that the Market Sizing Tool produces results relevant for your market. It captures the financial ecosystem assumptions critical for generating context-specific volume and revenue estimates.

Type	Tab Name	Description
Output (overview)	Results Overview	Presents top-level results on the number of businesses, the volume of financial services they use, and the revenues generated from those services—disaggregated by business size and by the age of the business.
Output (overview)	Headcount	Shows the top-level results about the number of (women) entrepreneurs and MSME in the selected market and their distribution by categories of size as well as the Gender Gaps in access to formal financial institutions.  They represent the clients that currently and in the modeled scenario are active users of formal financial services and thereby determine the (addressable) market.
Output (overview)	Volumes	Shows the top-level results about (expected) volumes of financial services used by the modelled client numbers now and in the projected scenario, split into a balance sheet view (liabilities and assets) as well as the implied gap for business lending
Output (overview)	Revenue	Shows the top-level results about (expected) revenues to be obtained from servicing the modelled volumes given the market conditions documented as inputs on the "Market Conditions" sheet - as well as a first indication of potential profitability.  Revenue is shown in the main categories (net interest income, fee and commission income) and by the respective type of financial needs underlying these.
Output (detail)	Volume Calculations	Detailed calculations undertaken by the model on the components of the volume of current and projected financial needs. "Volume" to be understood as number of transactions and insurance policies as well as value of deposits, savings and loans. Loan usage is split into 3 types of business finance: overdrafts, short-term loans (working capital, inventory finance) and investment loans (Capex) as well as 2 types of loans more for private or mixed use: mortgage / home improvements and vehicles/leasing.
Output (detail)	Revenue Calculations	Detailed calculations undertaken by the model on the components of the revenue generated on the volume of current and projected financial needs. Revenue is calculated on the base of the assumptions about prevailing market rates as set on the "Market Conditions" sheet.  This Revenue sheet also shows the cost to be deducted for the risk levels of the Women MSME and other clients - this is where the better risk profile of women as borrowers shows its effect.

Type	Tab Name	Description
Data Sources	Base Case Data	Basic macroeconomic and demographic data - serves for the inter-country adjustments or basis setting as well as reference point for some assumptions
Data Sources	Headcount Estimate Methodology	Description of how the base case estimates for the headcount of entrepreneurs and businesses by segment are derived for each country. For information purposes, only
Data Sources	Baseline Headcount Estimate	Shows the calculations from which the base case estimates for the headcount of entrepreneurs and businesses by segment are derived. For the 3 sources of data, relative weights can be adjusted if for the respective country the user feels confident about the sources of such information.
Data Sources	Additional Assumptions	Additional assumptions derived from estimates relating to the operational activity of businesses, e.g. on transactions, deposits, size of outstanding overdraft amounts as well as insurance coverage. This should facilitate users in a well-informed discussions about how to (re-)set certain base case assumptions if they appear too high or low.
Data Sources	Macro Settings	Basic macroeconomic and demographic data - serves for the inter-country adjustments or basis setting as well as reference point for some assumptions
Data Sources	GEM	Data calculated on the basis of Global Entrepreneurship Monitor surveys. These Adult Population Surveys indicate the frequency of various types of entrepreneurial activity as well as the respective size of the business and the sex and age of the entrepreneur. Multiplied with population data, this serves as the FIRST source for estimating the base case headcount.
Data Sources	ILO	Labor market statistics, used to estimate the Micro segment in the respective cover, presuming that as basis of the pyramid which numerically dominates the MSME space the numbers on self-employment and employers can serve as approximation for the Micro segment.
Data Sources	WB Entrepreneurship	Data from business registries and similar sources as compiled in the World Bank's Entrepreneurship dataset, used to estimate the size of the formal sector of private businesses (i.e. as complement to the ILO data on freelancers and informal sole proprietors).
Data Sources	Enterprise Survey	Data from the World Bank Enterprise Survey: information about size segment and the presence of women SMEs is used in estimating the composition of the SME space in a given country as derived from the WB Entrepreneurship sheet.

Type	Tab Name	Description
Data Sources	ILO & WB & ES	Shows the calculations bringing together the various databases which together provide an overview of the size and composition of entrepreneurial activity / private sector business activity in a country. Serves as the SECOND source for estimating the base case headcount.
Data Sources	IFC Gap	Presents that headcount data for businesses by size segment from the 2011 IFC Enterprise Finance Gap database, is extrapolated on the basis of population growth (i.e. implying constant rates of entrepreneurial activity) to 2024 as the THIRD of the sources for the baseline headcount estimates
Data Sources	Peer Countries	List of peer countries selected on the basis of GNI per capita as well as structural factors (size of territory, size of population, land-locked, etc.) which is used when peer country benchmarks are required to estimate datapoints that are missing for the selected country
Data Sources	Working age Population	Data on the working age population for each country sourced from the UN Population Survey dataset. Serves as input for several of the sources of estimating the headcount: e.g. for multiplying GEM frequencies of entrepreneurial activity and for extrapolating IFC Finance Gap estimates to 2024.
Data Sources	Country Context Data	Includes key labour market (ILO), financial access and usage, and business environment indicators, with data compiled from the World Bank's "Women, Business and the Law" (WBL) survey, World Bank's Entrepreneurship Database, World Bank Global Findex Database, IMF Financial Access Survey (FAS), and ILO ILOSTAT database.
Data Sources	Lists	Location of Pull-Down lists used in this model

## 5. HOW TO USE THE TOOL

1. **Open** the Excel file containing the Market Sizing Tool.
2. Navigate to the **"Model Setup"** sheet.
3. In **cell C11**, select the country for which you want to generate market estimates.
4. In **cell C14**, choose between:
  - **"Base Case Data"** to apply predefined country-level assumptions, or
  - **"Customized"** to input your own institution- or market-specific data.
5. Define the market segments to be included in the analysis by selecting **"Yes"** or **"No"** in **cells D23 to G23**.
6. In **cells D24 to G24**, indicate the **share of each selected segment your institution currently serves**.
7. In **cells D25 to G25**, enter the **target share your institution aims to serve in the future**.
8. Navigate to the **"Growth Outlook Summary"** sheet to review a snapshot of key results and growth potential based on your inputs.

9. Visit the **“Country Context”** sheet to understand the enabling environment using labor market, financial access, and education indicators.
10. If you selected **“Base Case Data”** in step 4, review the default model assumptions in the **“Assumptions used”** sheet.
11. If you selected **“Customized”** in step 4, go to the **“Segment Information”** sheet to input your tailored assumptions:
  - Editable cells are marked with **purple, green, or orange borders and text**.
  - **Calculated cells** are shown in black text and borders; category-level **sums and averages** are bolded.
  - **Green cells** represent **baseline settings**, which can be informed by your institution’s internal data or market research.
  - **Orange cells** represent **projected settings**, reflecting your vision for market potential once full outreach is achieved.
12. Open the **“Market Conditions”** sheet under the **“Key Inputs”** section:
  - Adjust assumptions for interest rates, fees, commissions, and credit risk based on your institution’s current experience.
  - Modify inputs in the **table D9 to K66**; consult the **commentary in column M** for additional guidance and data sources.
13. Review the **model outputs**:
  - The **“Results overview”** sheet summarizes headline findings.
  - Explore disaggregated results in the **“Headcount”, “Volumes”, and “Revenue”** sheets by segment and gender.
  - For detailed calculations, refer to **“Volume Calculations”** and **“Revenue Calculations”** to support operational planning and analysis.

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## 6. OUTPUTS & INTERPRETATION

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The Market Sizing Tool generates three core outputs that together provide a comprehensive picture of the addressable market: **Headcount**, **Financial Volumes**, and **Revenues**. These outputs are fully disaggregated by gender and business size, and are presented both in local currency and USD. Together, they enable financial institutions to assess both the current market coverage and the potential for future growth by serving larger share of the segments.

The first output, **Headcount**, is generated on the **“Baseline Headcount Estimate”** sheet. It shows the total estimated number of entrepreneurs and MSMEs in the selected country, presented in thousands and broken down by gender and business size (e.g. self-employed/micro, very small, small, and medium). The figures cover both formal and informal businesses and are derived using a triangulated methodology that draws from three independent data sources:

- The **Global Entrepreneurship Monitor (GEM)** Adult Population Survey,
- A combination of **ILO, World Bank Entrepreneurship Database**, and **Enterprise Surveys**, and
- The **IFC Enterprise Finance Gap Database**, extrapolated to the current year based on population growth.

The second output, **Financial Volumes**, reflects the current and projected usage of financial services by these businesses and entrepreneurs. This includes:

- The number of business and personal financial accounts,
- Deposits and savings,
- Transactions and payments,

- Business and personal loans, and
- Insurance products.

The third output, **Revenues**, estimates the income that a financial institution could generate by serving the modeled segments. These include:

- Fee and commission income from account services and transactions,
- Income from non-banking activities (e.g., insurance),
- Net interest income from deposits, savings, and loans.

Revenue estimates are risk-adjusted. Like the volumes, these are disaggregated by gender and business size, and presented in both local currency and USD. By comparing current revenues with projected ones, users can clearly assess how much additional revenue could be captured by increasing outreach to under-served segments. This analysis also helps identify which customer segments—by size and gender—offer the highest return potential, providing valuable insights for strategic targeting.