

SESSION #1: COVID-19 MITIGATION EFFORTS: IFC AND KABBAGE



Speakers:

- Momina Aijazuddin, IFC's Global Head of Microfinance/Financial Inclusion
- Sam Taussig, Head of Global Policy at Kabbage

Main takeaways:

- **Illiquidity is as dangerous as insolvency.** On average SMEs have less than 27 days of cash on hand. A key lesson from the 2008 Global Financial Crisis was that governments and FIs need to act fast to stave off the building liquidity crisis in the SME sector.
- **If aid does not come within days**, otherwise viable businesses will go bankrupt, before they ever have the chance to benefit from medium-term stabilization efforts.
- **Partnerships between governments and fintech sector** can make all the difference. Automated methods of credit assessment could provide a dramatically faster route to deciding which SMEs should receive taxpayer-funded aid. Furthermore, the automated, contactless payment networks pioneered by the sector could then help to quickly disburse this aid.