SME Finance Forum

Convening 230+ members from 60+ countries, operating in 190+ countries sharing knowledge, spurring innovation in & promoting growth of SME financing.
Member Benefits

**LEARN**
- Communities of practice
- Immersion Programs
- Study Visits
- Online library/Publications
- LinkedIn discussions
- Monthly webinars
- Global/ regional & partner events
- Fintech expo/demo
- Tips from experts
- SME data

**LINK**
- Networking
- Contacts brokering
- B2B marketplace

**LEAD**
- Connecting industry with policy-makers
- Voice in key policy bodies - G20, AFI, APEC/ ABAC, Basel institutions, OECD

Being a member of the SME Finance Forum gives us insight into innovations around the world.

Selim R. F. Hussain, CEO, BRAC Bank
**Member Pulse Survey**

**Respondents by Region**

- **2021 Q2**
  - 104 respondents
  - headquartered in 51 economies
  - with operations in 192 economies

- **2022 Q1**
  - 118 respondents
  - headquartered in 58 economies
  - with operations in 181 economies

*Data are not strictly comparable, unless specified, as they are based on data reported by varying sets of members*
Member Pulse Survey

Respondents by Type of Institution

- **Bank/Financial Institution**: 51% (2021 Q1) vs. 54% (2022 Q2)
- **FinTech Company**: 27% (2021 Q1) vs. 20% (2022 Q2)
- **Development Bank**: 10% (2021 Q1) vs. 10% (2022 Q2)
- **Other**: 11% (2021 Q1) vs. 16% (2022 Q2)

2022 Q2 cycle had 83 respondents who are lenders and 35 respondents who are non-lender.
Member Pulse Survey

Digital Transformation

Number of customers and sales that originated through digital channels in the past six months?
What MSME client operations have been fully digitalized as a result of COVID-19?

Digitalization of MSME Client Operations

Others include documents exchange and storage, field project partner coordination, loan guarantee issuance process, bill payments, training and capacity building session.
Member Pulse Survey

Has COVID-19 pushed you to adopt one of these technologies as part of the digitalization of your processes and services?

Blockchain/Distributed Ledger Technology: 17% (2021 Q2) vs. 20% (2022 Q1)
Artificial Intelligence/Machine Learning: 53% (2021 Q2) vs. 53% (2022 Q1)
Cloud Computing: 51% (2021 Q2) vs. 60% (2022 Q1)
Application Programming Interface: 73% (2021 Q2) vs. 79% (2022 Q1)
Have you partnered with a FinTech company to offer new digital financial product/services to your MSME client?

<table>
<thead>
<tr>
<th>Category</th>
<th>2021 Q2</th>
<th>2022 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>48%</td>
<td>44%</td>
</tr>
<tr>
<td>No</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Considering</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>Others/Did not respond</td>
<td>8%</td>
<td></td>
</tr>
</tbody>
</table>
Member Pulse Survey (Q1 2022)

In the next 6 months, what do you expect to happen to your revenue?

- 63% expect to have more revenue than past six months
- 71% expect to have the same revenue
- 71% expect to have less revenue than past six months
- 20% don't know

*This question was addressed to all members (lenders and non-lenders) in 2021, but in 2022 it was addressed only to non-lenders. Also, in 2021 the question asked about the next quarter, as opposed to the next six months in 2022.*
Member Pulse Survey (Q1 2022)

In the next 6 months, what do you expect to happen to the number of your active customers?

*This question was addressed to all members (lenders and non-lenders) in 2021, but in 2022 it was addressed only to non-lenders. Also, in 2021 the question asked about the next quarter, as opposed to the next six months in 2022.
Member Pulse Survey (Q1 2022)

What is your current level of operations as % of the pre-crisis levels?

- > 100%: 56 respondents
- 100%: 28 respondents
- 75% - 100%: 25 respondents
- 50% - 75%: 3 respondents
- ≤ 50%: 1 respondent
- Others/Did not respond: 5 respondents

How long do you expect it will take for operations to reach pre-crisis level?

- 0 month (at or above pre-crisis levels): 73 respondents
- 1 to less than 6 months: 7 respondents
- 6 to less than 12 months: 18 respondents
- 12 to less than 18 months: 10 respondents
- More than 18 months: 5 respondents
- Others/Did not respond: 5 respondents

Level of operations as % of the pre-crisis levels

Time for operations to reach pre-crisis level
Member Pulse Survey (Q1 2022)

Digital Transformation

To what extent has the crisis accelerated the digital transformation of your operations?

- Very Significant: 21%
- Significant: 48%
- Minor: 25%
- Not at all: 5%
- Others/Did not respond: 1%
Member Pulse Survey (Q1 2022)

What are your current loan collection level as % of pre-crisis levels?

- > 100%: 17
- 100%: 25
- 75 - 100%: 27
- 50 - 75%: 4
- ≤ 50%: 2
- Others/Did not respond: 5

What are your current loan disbursement level as % of pre-crisis levels?

- > 100%: 39
- 100%: 16
- 75 - 100%: 16
- 50 - 75%: 2
- ≤ 50%: 2
- Others/Did not respond: 5
Main reasons for the decline in lending compared to pre-crisis levels

- No decline: 52 respondents
- Cost of funds/interest rates increased: 19 respondents
- Liquidity support directed to SMEs from government or regulator: 18 respondents
- Deterioration in portfolio risk profile: 16 respondents
- Funding not available from the market: 13 respondents
- Reduced lending operations: 13 respondents
- Increased deposits: 10 respondents
- Funding available is too short-term: 7 respondents
What types of liquidity pressures have you experienced since the pandemic?

- N/A (no liquidity pressure)
- Decline/delay in loan collections
- Increase in provisioning and collection expenses
- Decline in customer deposits
- Decline in wholesale funding
- Others, please specify

Others include delayed repayments of loans, increase of SWAP cost, etc.
Have you leveraged credit guarantees to support your new loan originations since the pandemic?

- Yes: 45%
- No: 36%
- Others/Did not respond: 6%
- N/A (none were available): 13%

What share of your current portfolio is supported by credit guarantees?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others/Did not respond</td>
<td>10</td>
</tr>
<tr>
<td>≤ 50%</td>
<td>44</td>
</tr>
<tr>
<td>25 - 50%</td>
<td>16</td>
</tr>
<tr>
<td>50 - 75%</td>
<td>5</td>
</tr>
<tr>
<td>75 - 100%</td>
<td>5</td>
</tr>
<tr>
<td>100%</td>
<td>0</td>
</tr>
</tbody>
</table>

Portfolio supported by credit guarantees (% of total)
Over the next twelve months, do you expect to leverage credit guarantees in support of your new loan originations?

- Yes, more than today: 39%
- Yes, at the same level as today: 19%
- Yes, less than today: 7%
- No: 27%
- Others/Did not respond: 8%
The most important factors that may hinder your ability to meet new demand from SMEs over the next 12 months.

- Riskier Businesses due to Economic Outlook: 47 respondents
- Lack of Funding / Higher Cost of Funding: 34 respondents
- Higher Foreign Exchange Costs: 21 respondents
- Lock-down Deteriorated Financial Positions of MSMEs: 19 respondents
- Tighter Credit Criteria: 18 respondents
- Creditworthiness due to lack of Reliable Data on Business...: 16 respondents
- Provisioning Expenses (erosion of profitability and capital): 15 respondents
- Higher Costs of Collection: 11 respondents
- Cross-border Trade Impediments: 11 respondents
- Higher Repayment Risk due to Recent Moratorium or...: 10 respondents
- Operational Challenges (e.g. restrictions in credit officer...: 9 respondents

Number of respondents
How would you rate current demand for new MSME loans compared to pre-crisis levels?

- Significant increase: 29%
- Minor increase: 17%
- Stable/Recovered: 31%
- Minor decrease: 10%
- Significant decrease: 4%
- Others/Did not respond: 9%
Accelerating finance for businesses

Connect with us

www.smefinanceforum.org

Twitter: @smefinanceforum

LinkedIn: SME Finance Forum