

55TH ANNUAL MEETING
marrakech 2023

SME Finance

Opportunities and Challenges

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LANDSCAPE



MSMEs are at the **heart of job creation**, accounting for:

- **9/10** of all businesses worldwide
- **40%** of GDP in emerging economies (*higher if we include informal MSMEs)
- **2/3** of all jobs worldwide

By the year 2030, **600 million** jobs will need to be created to absorb the growing global workforce.

MSMEs need financing to grow: **131 million, or 41%, of formal MSMEs** in developing countries have unmet financing needs.

The unmet demand for credit among MSMEs is estimated to be over **US\$5 trillion**.

Receivables account for **40% of the total assets of SMEs**, and deferred credit payment terms are usually the largest cause of SMEs' financial challenges

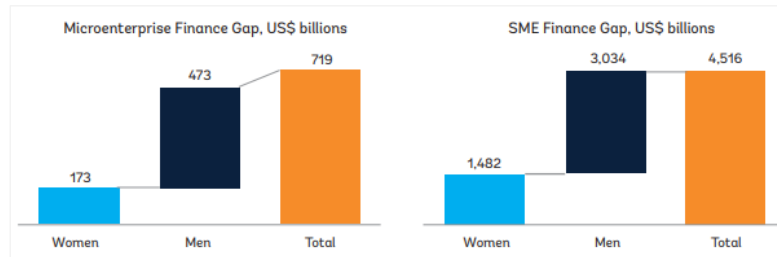
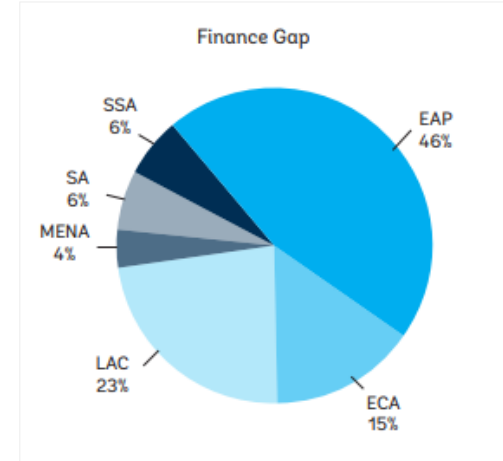
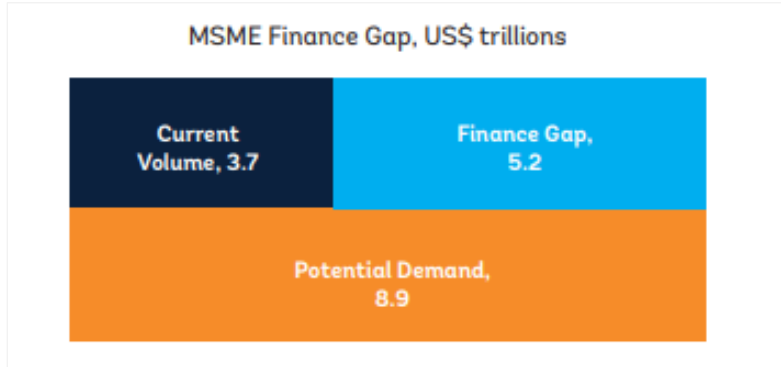
OPPORTUNITY PROFILE



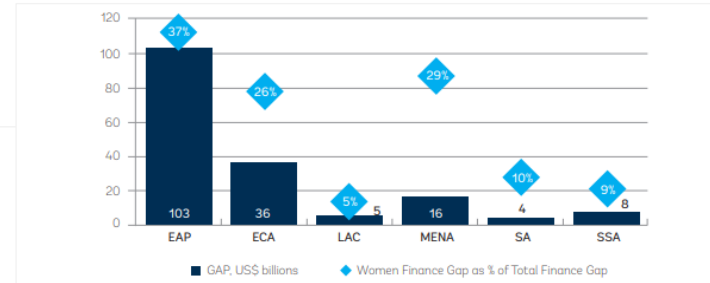
Current MSME Finance GAP



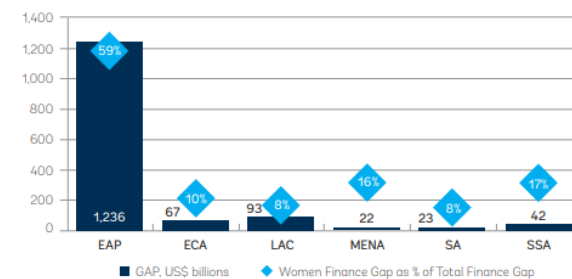
Gender Composition of the Finance GAP



Microenterprise Finance Gap: Women-Owned Enterprises

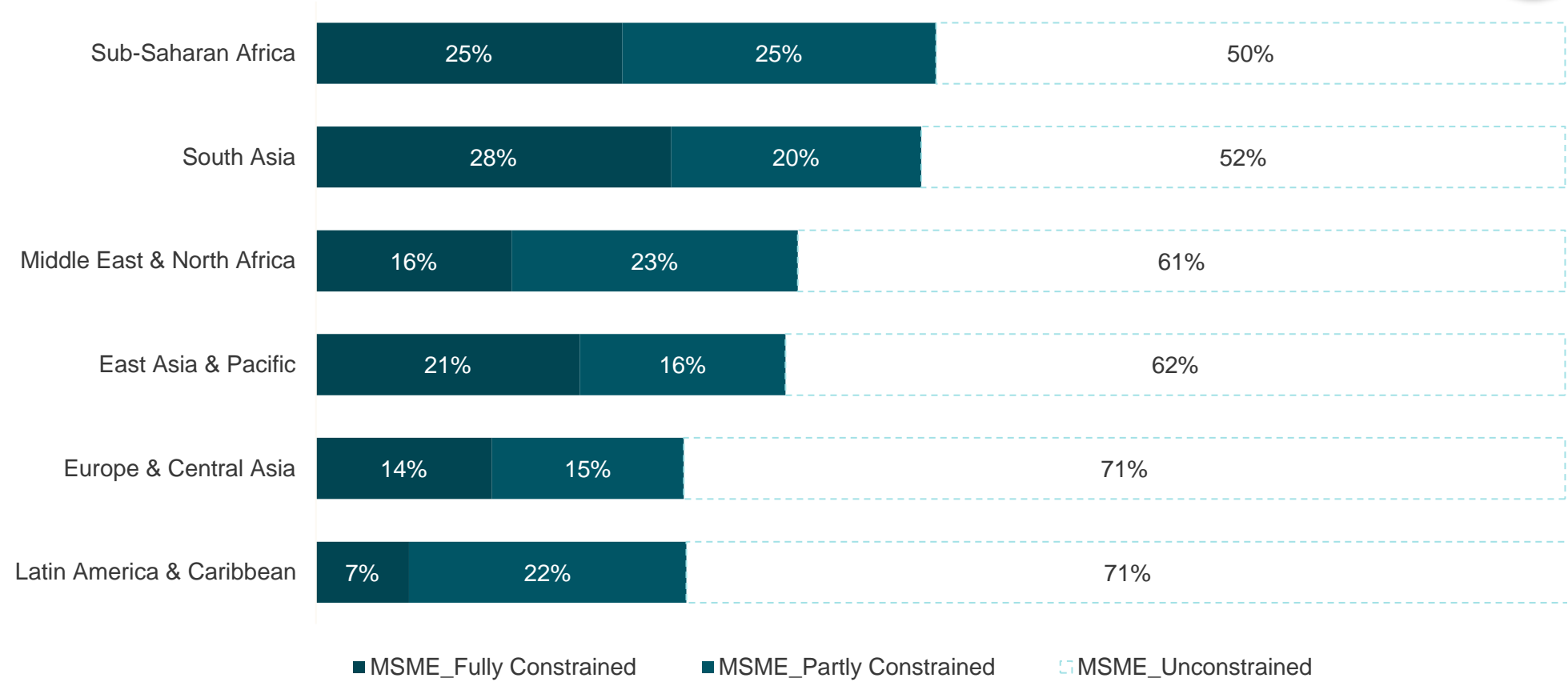


SME Finance Gap: Women-Owned Enterprises



CONSTRAINT LEVELS

Number of Financially-Constrained MSMEs by Region (%)



Based on IFC estimates to be launched in 2023

CONSTRAINT LEVELS SHORTAGE OF WCF

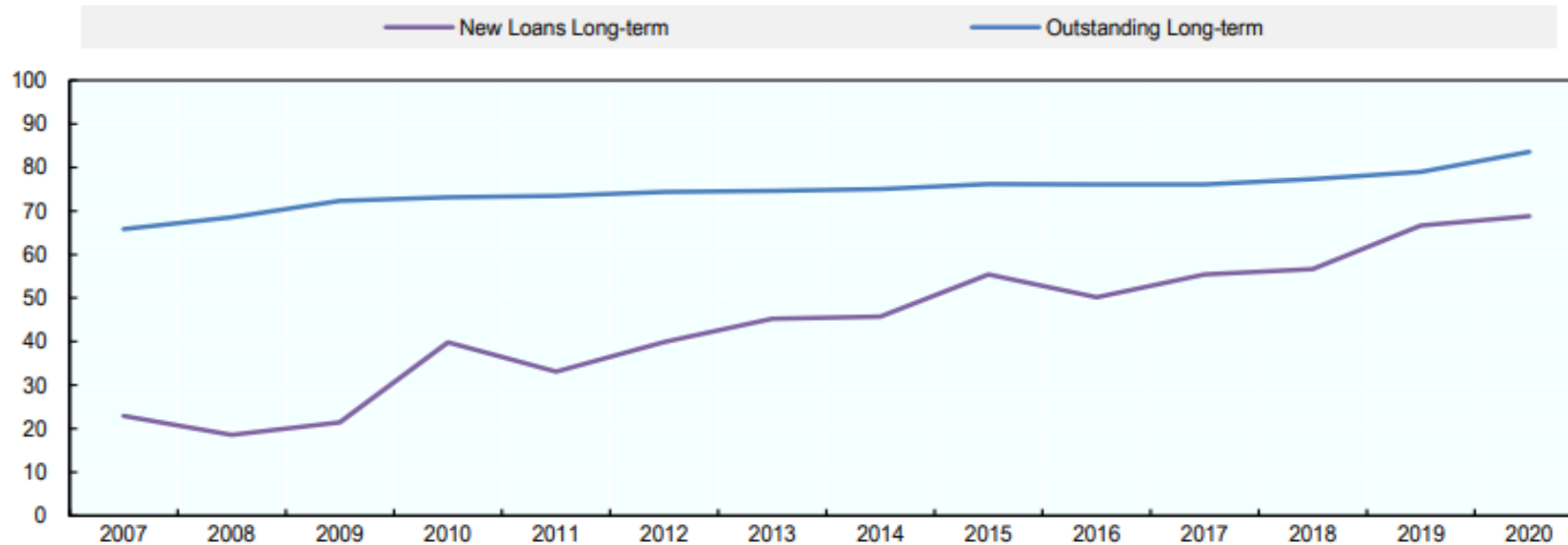
Share of long-term SME loans

Median values, as a percentage of all SME loans



Figure 1.7. Share of long-term SME loans

Median values, as a percentage of all SME loans



Note: All data are adjusted for inflation using the OECD GDP deflator. Data for non-OECD countries were extracted from the World Development Indicators from the World Bank.

Source: Data compiled from the individual country profiles.

SME NEEDS

Simple products and services:



What SME clients want?

- Unsecured loans
- Trustworthy, convenient channels
- Non-Financial Services
- Ecosystems
- Supply Chain linked solutions
- Working Capital Finance
- Transactional solutions
- Business linked embedded solutions

BARRIERS TO SCALING SCF

Unlocking SCF for SMEs

Regulators

- Secured transactions
- Factoring laws
- E-invoicing
- E-signatures

FinTechs

- Data security
- Scalability
- Entry barriers / partnerships
- Funding

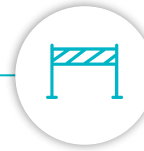


Banks/FIs

- Technical knowhow
- Risk mitigation
- Onboarding
- Product diversification

Real Sector

- Working capital mngt
- Credit and ops costs
- Long tail of the chain
- Ops and fin capacity



KEY TRENDS

SME Finance key enablers for future



01

Technology and Digital

Robotics, AI, Analytics, blockchain, customer experience, digital processing

02

Fintech Collaboration

Open Banking, Integrations, API Banking

03

Capacity Building

NFS, Responsible Banking Marketplaces etc.

04

Alternate Data

Scoring models, propensity scoring, value chains data modelling, transactional

05

Supply Chain Finance

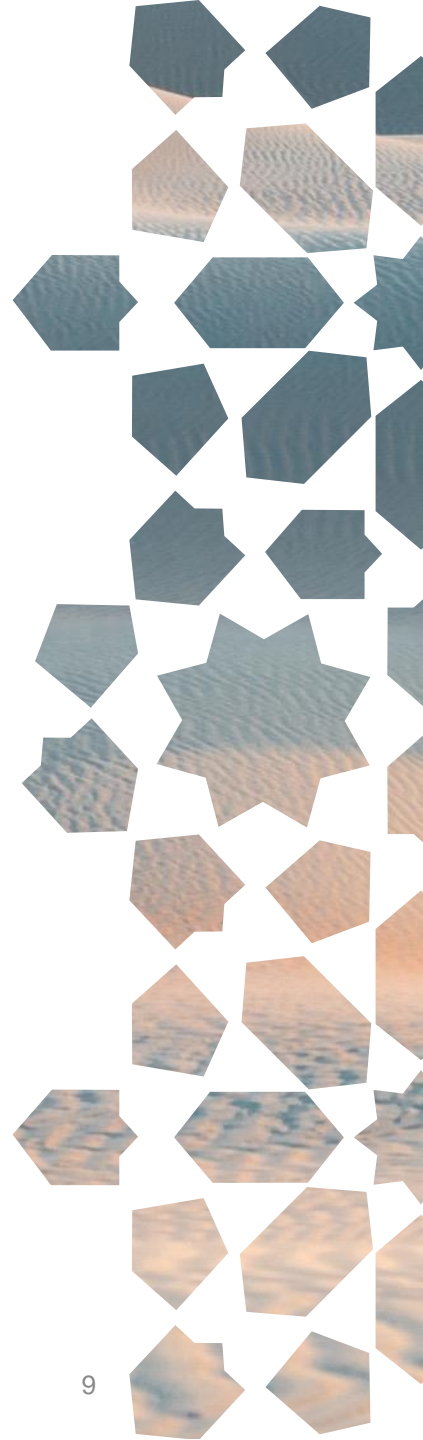
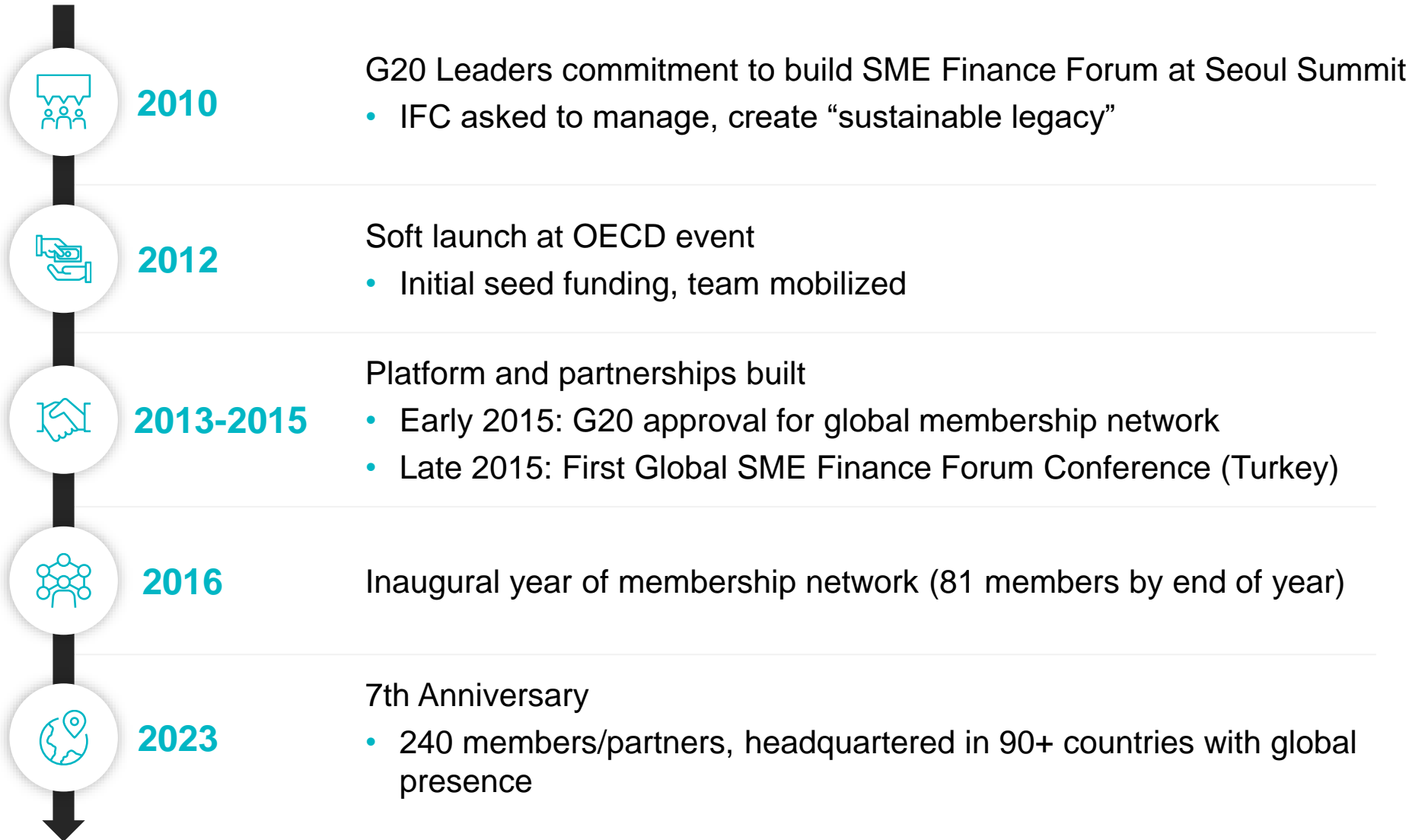
Tailored vendor finance and distributor finance programs, green SCF, wider product range

06

Sustainability

ESG practices, emission reduction and resilience, Greening SMEs, Technology

SME FINANCE FORUM



MEMBERS PROFILE



240 members
operate worldwide



Serving more than
33 million MSMEs
clients

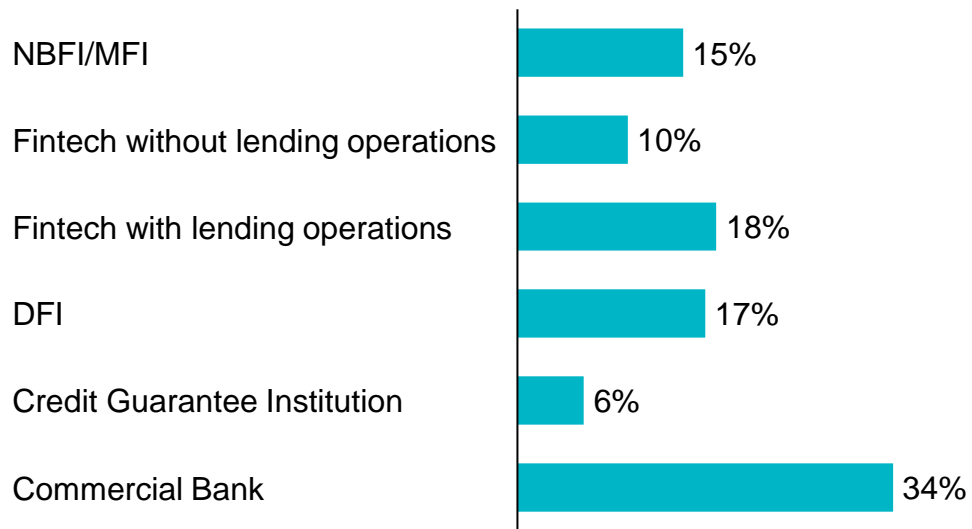


Providing more than
US\$140 billion in
financing

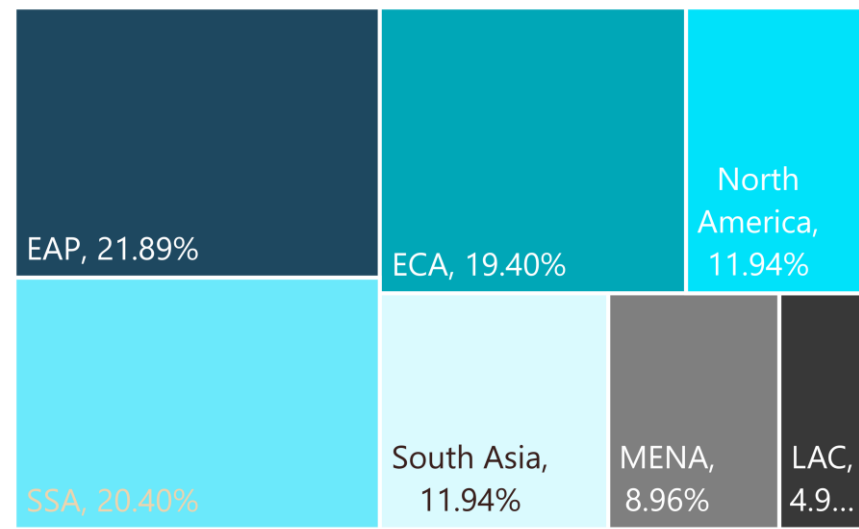


Managing **total**
assets of more than
US\$7.9 trillion.

BY TYPE



BY GEOGRAPHIC LOCATION



We also have 60+ market leading global/regional partner institutions

KEY SERVICES AND BENEFITS

Our impact in 2023

78% of members reported gaining new knowledge

36% of SMEFF made new business partnerships

12% made or received new investments

37% members engaged in productive dialogue with policy makers

LEARN

- Monthly webinar
- Communities of practice
- Leader Dialogue Series
- Global/ Regional events
- Members' Portal for exclusive resources
- Surveys
- SME data sets
- Online library/Publications
- LinkedIn discussions

LINK

- Networking
- SME Finance Virtual Marketplace
- Immersion Program
- Study Visit
- Contacts brokering

LEAD

- Connecting industry with policy-makers
- Voice in key policy bodies -G20, AFI, APEC/ ABAC, Basel institutions, OECD
- Global SME Finance Forum Awards (since 2018)

SOLUTION BUILDING COMMUNITIES

Women's Entrepreneurship Finance

Share knowledge and best practices, tools and innovative products to facilitate increased services to W-SMEs.

Supply Chain Finance New

Develops a supportive and innovative community of SME finance professionals dedicated to expanding access to financing for SMEs through Supply Chain Financing solutions.

Domestic and International Development Finance Institutions

Share their learning and experiences with one another as well as to explore ways they could collaborate and explore partnership.



Risk Management

A group that brings together professionals and risk management experts from member institutions to share their learning, experiences, and good practices examples with their peers.

SME Green Finance

Focuses on the challenges and opportunities of extending green finance to the SME sector. It covers all aspects of environmentally sustainable SME finance, including green finance, blue finance, and finance for climate change resilience.

AgriFinance

Discuss and document recent innovations in the sector. It promotes learning and sharing of good practice examples that help improve services to agri-SMEs. It will cover: Alternative data, Platforms connecting farmers to inputs and markets, Long term finance, Insurance solutions, Cooperatives, among others.

Accelerating finance for business



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