



SME FINANCE  
FORUM

ANNUAL  
REPORT

2018



**GPI**

Global Partnership  
for Financial Inclusion



MANAGED BY

**IFC**

**International  
Finance Corporation**  
WORLD BANK GROUP

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# Foreword



2018 has been a year of many firsts and a very exciting year for the SME Finance Forum. Its first ever regional conference – the Africa SME Finance Forum – was held on 15-16 May in Nairobi, Kenya, where 370 senior executives from 170 institutions and 50 countries participated.

The focus of the conference was on harnessing innovation to address the challenges faced by MSMEs in Africa, and on exploring innovative local and global best practice solutions to promote youth entrepreneurship. Around 20% of Africa's 1.246 billion population are youth, aged between 15-24 years, and about two fifths of them are in the 0-14 age brackets. As more youth enter the workforce, they are known to face increasing difficulties in procuring employment. Promoting entrepreneurship is essential for creating sustainable livelihoods for young people. Innovation can help drive SME growth and job creation. It can also help reach the SMEs which are currently unserved or underserved by financial institutions.

Another major milestone for the SME Finance Forum was the launch of the Global SME Finance Awards. Endorsed by the G20 GPFI and launched in 2018, the Global SME Finance Awards recognize the achievements of institutions that have introduced an innovative product or service for SME clients, achieved strong results in providing finance to SMEs, or been an innovator in digital financial services. Through these awards we not only want to recognize the innovators, but also want to encourage other financial institutions and fintechs to learn and adopt good practices, and invest in innovation.

In 2018, the SME Finance Forum played a crucial role in fostering partnerships between members as well as non-members and regulators. Through its Learn/Link/Lead services, the Forum enabled over 20 partnerships and over USD 30 million in investments, which are increasing the amount of financing available to millions of SMEs, making financing more affordable, simpler and faster to get. For example, the Forum was instrumental in brokering a partnership between its members

Standard Chartered Bank and AMP Credit Technologies, whereby Standard Chartered Bank purchased AMP's Bank Statement Analyzer tool. This tool will automate the data ingestion and analysis of standard paper documents received during a typical SME loan application, substantially reducing turnaround time for customers, and increasing operational and sales efficiency. Another example of partnership, which was enabled by the Forum is the one between CreditEnable and Confederation of All India Traders, which represents 70 million Indian small traders. They partnered to help Indian small traders connect with lenders on the online platform—international banks, large domestic Indian banks, small finance banks, and new digital lenders with a combined AUM of USD 10 billion as of March 2019. The two parties met each other at the Africa SME Finance Forum hosted by the Forum in 2018.

The Forum is also playing an active role in connecting regulators to each other, so they can learn from mutual good practices and experiences. Thanks to an introduction brokered by the SME Finance Forum, the Monetary Authority of Singapore (MAS) – the central bank of Singapore – and the Central Bank of Kenya are working on a plan to foster collaboration between Asia and Africa, and to share knowledge around new products and innovation. This partnership will culminate in a major conference on "fintech in the savannah" this coming summer. Sopnendu Mohanty, Chief Technology Officer of MAS, credits the Africa SME Finance Forum in helping him understand how emerging markets can be co-partners in financial innovation. Thanks to the Forum, he had an insight that Africa and Asia can collaborate on an equal footing to drive innovation.

The Forum will continue to focus on facilitating partnerships and investments, and leveraging and fostering innovation that helps financial institutions, fintechs and development banks serve a greater number of SMEs more efficiently and at lower cost. The SME Finance Forum's annual flagship event, the Global SME Finance Forum, has become the "go to" meeting on SME finance. It gathers experts at the highest level, offering the most in-depth exploration of cutting-edge issues, and is extremely well represented in terms of number of institutions and countries. Through its events and other activities, the Forum will keep disseminating knowledge and good practices in small business lending.

**Matthew Gamser**  
Chief Executive Officer, SME Finance Forum

A handwritten signature in black ink, reading "Matthew Gamser". The signature is written in a cursive, flowing style.

10:15 – 11:30

FIs' roles in formalizing SME management: Priorities for improving SME growth and productivity

- Miquel Àngel Martí Rodríguez, Manager, Capital Access & Management – IFC
- Esther Alvarado, SME Banking Strategy, Planning and Marketing Group Director – TEB Bank
- Markus Lyrer, Director, Cloud Partners – Bayern
- Jack de Moor, Area Lead Platform Strategy – ING Bank

SME FINANCE



Location: Hidaigo



*SME Finance Forum  
at a glance*

## ABOUT THE SME FINANCE FORUM

The SME Finance Forum works to expand access to finance for small and medium businesses. The Forum operates a global membership network that brings together financial institutions, technology companies, and development finance institutions to share knowledge, spur innovation, and promote the growth of SMEs.

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*"The Forum has made substantial progress in connecting different actors and fostering partnerships through knowledge exchange and thought-provoking discussions about how best to help small businesses thrive and grow."*

HRH Queen Máxima of the Netherlands

## Why is Small Business Finance a Big Deal?

MSMEs are at the heart of job creation. They account for



**9/10**  
of businesses worldwide



**1/2**  
of global gross domestic product (GDP)



**2/3**  
of jobs worldwide

By the year 2030, **600 million** jobs will be needed 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 is estimated to be **\$4.5 trillion**.

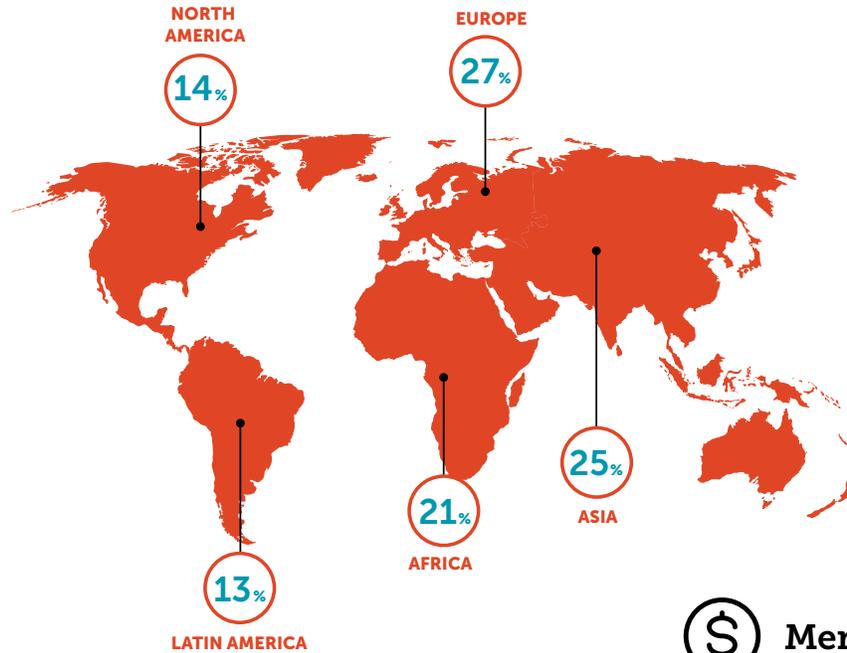
Women-owned businesses account for **23 %** of MSMEs and **32 %** of the financing gap.

# MEMBER NETWORK

154 members operating worldwide



## Members by region



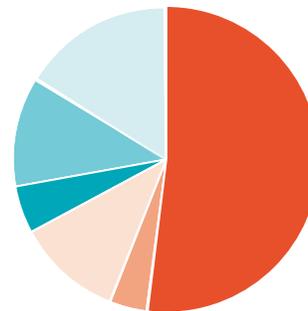
*It gives you access to the world. Access to what is happening in the SME space around the world.*

*Syed Abdul Momen, Head of SME, BRAC Bank*

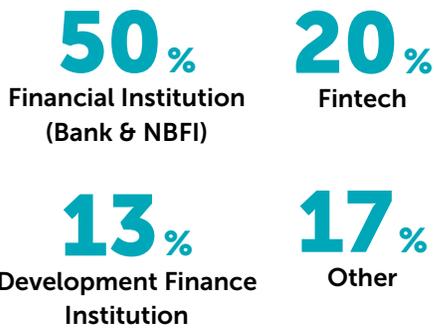
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## Members by asset size



## Members by sector



< \$1 billion	53%
\$1-2 billion	3%
\$2-5 billion	9%
\$5-10 billion	3%
> \$10 billion	12%
N/A	20%



## Members of the SME Finance Forum

4G Capital	CRIF	KODIT
ACBA-Credit Agricole Bank	D&B	Lawrence Sikutwa & Associates Ltd.
Acces Banque Madagascar	DBS	Linklogis
Access Holding	Development Bank of Nigeria	Making Finance Work for Africa
Access to Finance Rwanda	Diamond Bank	Mambu
Accion	DigiVation	MasterCard
ACCIS	Ecobank	Medici
ADFIAP	E Factor Network SAPI de CV	MEII
ADFIMI	EIB	MEKAR
Advans	EIF	Microfinance Centre
AECM	EMPEA	Morocco Credit Guarantee Corporation
Afluenta	Experian	Multibank
Afriland First Bank	Fawry	NMB
AMP Credit Technologies	FEBIS	NOVA Credit
Ant Financial/MyBank	FEDECREDITO	OPIC
Bancamia	Felaban	Opportunity Network
Banco de Crédito BCP	Fern Software	Palestine Investment Bank
Banco Delta	Fidelis Finance	Phongsavanh Bank
Banco Galicia	Fidor	PRASAC
Banco Patagonia	Financial Sector Deepening Trust	Qatar Development Bank
Banco Regional	FINCA Impact Finance	Q-Lana
Bancolombia	Fnconn	Raiffeisen Bank International
BANCOP	FOGABA	Rakuten
Banhcafe	Fonds de Développement Industriel (FDI)	REGAR
Bank of Palestine	F-Road	Sinapi Aba Savings
Bank Saudi Fransi	Funan Microfinance	SME Banking Club
Banking Association of South Africa	Funding Circle	Société Ivoirienne de Banque (SIB)
BASIX Sub-K	Garanti Bank	SOFIHDES
Basware	Global Alliance for Banking on Values	Spartan
BBVA	Global Banking Alliance for Women	SPGM
BFA	Grupo Promerica	Standard Chartered Bank
BIIA	Gulf African Bank	Strands
Bitbond	Hattha Kaksekar Limited	Sudameris
BNP Paribas	HCM capital	SUGEF
BPB Bank	HPB - Zhaoxi	TEB Bank
BRAC Bank	I&M Bank	The MasterCard Foundation
BTPN	ICD	The Montreal Group
Cafi	ICICI Bank	Topicus
Cambodia Post Bank	IDB Invest	TREFI
CapPlus	IDLC Finance Limited	Triodos
Cash Director	IDMission	TUHF
CDC	IFC	Ukrgasbank
CFPA MF	InFiNe	United Commercial Bank
China VBF	International Factors Group/FCI	US Chamber of Commerce
City Bank	Intesa Sanpaolo	Verde International
Cogebanque	JD Finance	Voyager
Commercial Bank of Africa	Jumo	Women's World Banking
Commonwealth Bank of Australia	Kafalah SME Loan Guarantee Program	World Business Angels Investment Forum
Co-operative Bank of Kenya	KGF	World Savings Bank Institute
Council of Europe Development Bank	Khanbank	XacBank
Credit Guarantee Company in Egypt	Khushhali Bank Limited	Xero
CreditEase		

# MEMBER SERVICES



## Learn

- Communities of practice
- Study tour
- Online library
- Linkedin discussions
- Monthly webinars
- Global regional and partner events
- Fintech expos/demonstrations
- Expert tips
- Publications
- SME data



## Link

- Networking
- Contact brokering
- B2B marketplace
- Mobile app



## Lead

- Connecting industry with policymakers
- Voice in key policy bodies - G20, AFI, APEC/ABAC, Basel Institutions, OECD

*We met one of the vendors during the Berlin conference. And hopefully next week we are signing the contract with them.*

*Rajeev Chalisgaonkar,  
Global Head, Business Banking, Standard Chartered Bank*

*It's a good platform to talk about regulation, to talk about new technologies and to really understand how the market is evolving.*

*Carlos López-Moctezuma,  
Director of Financial Inclusion, BBVA Group*

*You get to know what the rest of the world is doing. You share experiences. Most importantly, you get to find opportunities where you never thought they existed.*

*Issac Awuondo, Group Managing Director, Commercial Bank of Africa*

*2018 - Year in Review*





# Learn

## Facilitating knowledge-sharing

### > Conferences

The SME Finance Forum's conferences draw industry leaders from banks and fintechs, as well as regulators, policymakers and development financiers. These events feature interactive panels and working groups, fintech demonstrations, a B2B marketplace, networking sessions and study tours to high-performing institutions.

*The Africa SME Finance Forum 2018, Nairobi, Kenya, May 14-16, 2018.*



This conference attracted **370** attendees from **170** institutions. The program examined the key challenges faced by MSMEs in Africa, and explored innovative local and global best practice solutions to promote youth entrepreneurship and enhance access to financing for MSMEs. The conference focused on how

Africa is harnessing digital technology to disrupt traditional banking industry and to create new banking infrastructure to fill gaps where there has been a lack of access to financial services. Topics covered included blockchain and SME finance, incumbent and "challenger" banking, electronic payments and remittances, and youth entrepreneurship finance.

*Global SME Finance Forum 2018 - Reaching the Informal: the Role of Finance in Improving the Growth and Productivity of SMEs, Madrid, Spain, November 5-7, 2018.*

A record number of about **600** participants from **280** institutions and **80** countries gathered at the forum to explore how innovation in technology, regulation and partnerships can help overcome various informality problems, and open up a far larger market for profitable, sustainable, responsible financial services.



## > Study tours

In 2018, **360** senior executives from hundreds of SME-oriented banks, development finance institutions, and fintech companies from around the world, participated in the study visits to **19** institutions during conferences in Nairobi, Kenya and Madrid, Spain. Participants learned about the work of the host institutions, their innovations and products/services related to SME Finance.

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### **Africa SME Finance Forum 2018 – Nairobi, Kenya**

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#### **1. Commercial Bank of Africa (CBA)**

Commercial Bank of Africa presented an overview of mobile banking in East Africa and Kenya, strategy and history of m-Shwari, including product demonstration, customer experiences and impact.

#### **2. Equity Bank**

Equity Bank presented its history and key focus areas, including MSMEs, agriculture finance, the work of the Equity Group Foundation, agency banking and their fintech solutions. The format of the visit was a museum-style tour guided by the key area specialists along the panels, specifically prepared for the visit.



#### **3. Kountable**

Kountable demonstrated their products for resellers and entrepreneurs. They told how they onboard new

entrepreneurs and track payments and deliveries. Kountable also presented the pitch they use for banks and other lenders on partnering with them, including their value proposition, eligibility, risk management and KYC/AML.

#### **4. Mastercard Labs for Financial Inclusion**

Mastercard Labs for Financial Inclusion presented and demonstrated their Masterpass Quick Response (MPQR) mobile payments solution. They also gave an overview of the labs and their current projects.

#### **5. Sokowatch**

Sokowatch presented their history and demonstrated the Sokowatch model. They also shared their experience with implementation of the model at the field level and their plans. The visit concluded with an office tour and a discussion with the team.

#### **6. TALA**

Tala presented how they use mobile data to score credit. The visit concluded with a discussion with the team.

#### **7. UBER**

Uber focused on their auto loan program and experience with their bank partner – Stanbic Bank. The presentation was followed by an office tour and a conversation with UBER drivers.

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### **Global SME Finance Forum 2018 – Madrid, Spain**

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#### **1. Adhara/Alastria**

Guests participated in an overview of Adhara, a currency global payments platform based on tokenized money over a smart contract. The study tour took place at the nineteenth-century Madrid Stock Exchange building.

## 2. BBVA Innovation Center

BBVA presented its key piece in the Open Innovation strategy, where it aims to collaborate with the fintech-related community to bring “amazing” to the hands of the customers.



## 3. Bewater Funds

Bewater presented their asset management product that fulfills the objective of bringing liquidity to a very illiquid asset class, which is private equities investment.

## 4. Ciudad BBVA

Around the central theme “The road towards a Project Based Organization and the implementation of Agile methodologies at BBVA”, participants learned about the financial group’s global digital transformation strategy. A guided tour highlighted the importance of the Ciudad BBVA building in transforming the culture at BBVA.

## 5. Ciudad Grupo Santander

Under the theme “Santander as a platform for internationalization”, Santander presented their International Desk network, a unique value proposition that provides a one-stop-shop with a team of specialists to help companies set up their operations abroad.

## 6. Experian

During this visit, participants engaged in simultaneous workshops, that showcased how Experian helps SMEs and companies to make the right credit risk

decisions, unlock the power of data, validate identity and prevent fraud.

## 7. Gigas

Gigas shared its perspectives on digital transformation for companies and exposed how cloud computing services can differentiate themselves and be more competitive. This visit included a tour to Interxion, a data center.

## 8. Inbonis

Inbonis demonstrated two of their fintech solutions: a financial education app for SME owners and Inbonis’ core technology for producing high-quality cost-efficient SME risk assessment reports.

## 9. Intesa Sanpaolo

Intesa presented their SME innovative products and services that are offered in Spain and other locations outside of Italy, as well as an exhibition of Intesa’s services for Spanish subsidiaries of Italian SMEs.

## 10. MyTripleA

MytripleA presented their crowdlending platform that connects SMEs and entrepreneurs with investors. They discussed the SME Finance sector in Spain and the Alternative Lending model.

## 11. Traity

Traity talked about the challenges of doing business outside of Silicon Valley. They presented their new open source project, Reputation Network.

## 12. Twinco Capital

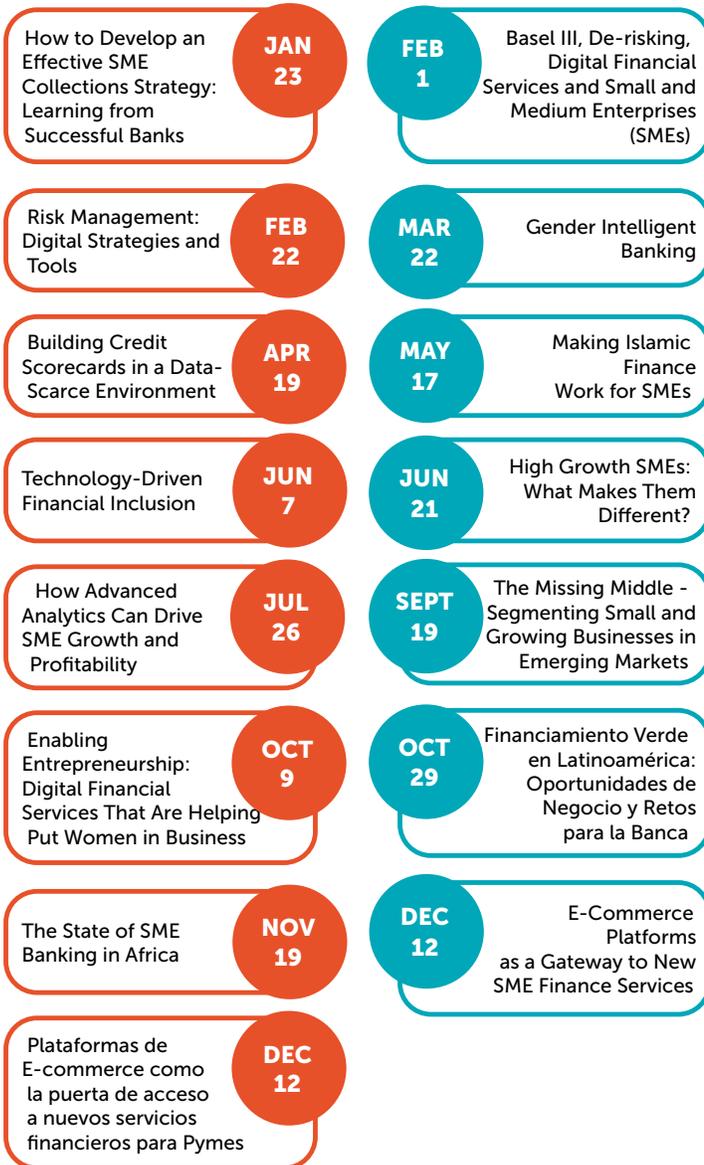
Participants joined Twinco to see how they are giving producers all over the world access to affordable working capital, fostering competitive global production networks and empowering companies to be the motor of inclusive growth and improved livelihoods.

## > Webinars

The SME Finance Forum hosts monthly webinars featuring industry experts from banks and fintech firms. The webinars are designed to be interactive, and participants are encouraged to ask questions and engage in a discussion with the speakers.

Over 700 participants attended our 15 webinars in 2018, including:

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## > Website and Social Media

The [SME Finance Forum](#) website's [library](#) section comprises over **4300** entries, including over **1200** publications and **1000** articles on SME finance. In 2018, the website had a monthly average of **6000** unique visitors and **18,000** page views.

Social media channels have grown steadily in 2018:

Over **1450** new members joined [SME Finance Forum LinkedIn](#) discussion group, which reached a total of **11000** members at the end of December 2018.

Over **950** new followers joined the [SME Finance Forum Twitter](#) which reached a total of **5200** followers at the end of December 2018.

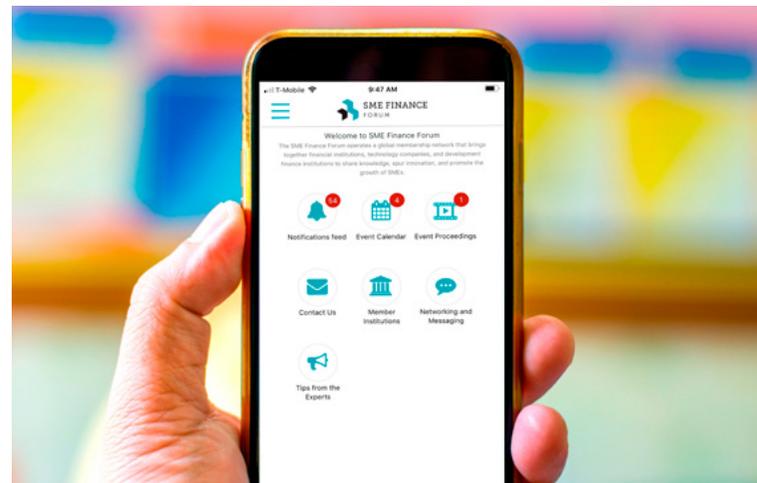
### > Member only 'SME Finance' app and web portal

Members who download the '[SME Finance](#)' app from the Google or Apple store can access premium members only content such as:

Tips from the Experts, Event Calendar and Proceedings, Member Institutions Directory, Networking and Messaging.

In 2018, the SME Finance Forum team created a [members only area](#) on the main website, where members can also access exclusive content such as event proceedings (conference and webinars) and tips from the experts.

Now, members have two channels to access members-only resources: on the go consumption through the app and from the comfort of a desktop.



## > Publication



### CONFERENCE PROCEEDINGS FROM THE AFRICA SME FINANCE FORUM 2018

This e-book covers the Forum from A to Z, including detailed proceedings from the Forum's sessions, list of speakers, description of the study tours, fintech pitches, attendee testimonials, and more!



Just click on the cover page image to the left to open the e-book!

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## > Data sites

-  ACCESS TO BUSINESS INSTITUTIONS
-  BUILDING CREDIT
-  PROPERTY RIGHTS AND ASSET ACCUMULATION
-  LABOR MARKET RESTRICTIONS
-  SOCIAL SUPPORT FOR FEMALE LABOR FORCE PARTICIPATION

**It examines the laws and regulations**



## Link

### Fostering partnerships

#### > Contact brokering

The SME Finance Forum provides one-on-one contact brokering services for member banks and fintech firms. This can help them to leverage new market opportunities, form mutually beneficial partnerships and/or expand their know-how in SME finance.

#### > B2B Marketplace

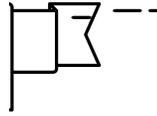
The SME Finance Forum facilitated more than **USD 30 million** of investments made by its members. The SME Finance Forum organizes B2B Marketplace sessions during its conferences. Participants have an opportunity to schedule 15-minute, one-on-one introductory meetings with investors, advisory service providers and fintech companies. In 2018, the Forum organized two B2B Marketplaces, one during its regional event (in Nairobi in May) and another one during its annual conference (in Madrid in November). In both Nairobi and Madrid, around 190 B2B

meetings were facilitated as part of those events. In Nairobi, there were 22 vendors (investor organizations), among which Triple Jump, Lendable, Topicus, FMO, DEG, OPIC, Q-Lana and Omidyar Network that participated. In Madrid, there were 32 vendors for the event among which Strands, Jumo, Accion, Ant Financial, Inbonis, Mekar and Fidor. Development Bank and Investment Corporation (DEG), the United States Overseas Private Investment Corporation (OPIC), and Triodos Bank are among the 25 investor organizations that participated in the Marketplace at the 2018 Global SME Finance Forum. Around 150 B2B meetings were facilitated as part of the event.

#### > Privileged access to partner events

SME Finance Forum members received discounted access to our 24 industry partners' events and to other marketing partners' events such as Finnosummit, Finovate or Lendit.





## Lead

# Supporting policy discussions and recognizing best practices

### > Shaping SME finance policy

Being an implementing partner of the GPFI, the SME Finance Forum actively participates and contributes to SME finance policy discussions, alongside other international organizations such as OECD, AFI, WEF, ABAC as well as regulators and regional industry associations.

### > Bringing the private sector perspective to G20 meetings

The SME Finance Forum invited banks and fintech companies to participate in G20 meetings to share their private sector perspective with policymakers. For example, Banco Ciudad, Banco Patagonia and SUGEF joined GPFI 2018 Workshop on February 6-7, 2018 in Buenos Aires, Argentina, while FIDOR, Ripple, IBM, MIT Media Labs, Palestine Investment Bank and WeTrust joined GPFI Forum on July 3-4, 2018 in Saudi Arabia. In addition, ACCIS, WSBI, Ant Financial, Fintech Stage, Jumo and Ripple attended the Fourth GPFI Conference on Standard-Setting Bodies and Innovative Financial Inclusion held on October 25-26, 2018 in Basel, Switzerland.

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### > Global SME Finance Awards 2018

During the inaugural Global SME Finance Awards, the SME Finance Forum recognized the achievements of institutions that have launched an innovative product or service for SME clients, achieved strong results in providing finance to SMEs, or been an innovator in digital financial services. The awards were presented at the fourth annual meeting of the SME Finance Forum in Madrid. The winners were selected from a pool of more than 100 applicants and were vetted by a panel of 60 judges representing financial institutions, investors, fintech companies, and development banks.

In 2018, the winners were diverse, but they all share a strong commitment to helping small businesses in their markets with their dedication and innovative practices.



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**Winners:**

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**Product Innovation of the Year**

CredEx  
ProgCap  
Yes Bank

**Responsible Digital Innovator of the Year**

Jaza Duka  
Advans  
Bloom Impact

**SME Bank of the Year**

**Africa**  
Equity Bank  
**Asia**  
DBS  
SIDBI  
VP Bank  
**MENA**  
Attijariwafa Bank  
**Global**  
DBS  
Standard Chartered



*Impact stories*



# Standard Chartered Bank and AMP Credit Technologies

*Forum members pioneer data automation for more future-ready SME banking.*



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In 2016 Rajeev Chalisgaonkar had lending automation on his mind. As the Global Head of Business Banking for Standard Chartered Bank he was looking for technology solutions to help the bank transform the loan underwriting process—part of a broad move towards digitizing their SME banking using alternate data sources.

Over the past decade Standard Chartered has developed a strong unsecured lending business, leveraging bank statements as one of the key data inputs for underwriting. Chalisgaonkar says that bank statements offer a powerful source of reliable data when it comes to SMEs. But even for small companies, six months of

bank statements from two or three banks adds up to hundreds of pages of complex information in widely differing formats. And the entire process of reviewing these statements was manual.

It took Standard Chartered analysts over a day just to type in the data to create an Excel file. And analysts' subjectivity led to variance in how the data was interpreted. In most of the cases, there would be appeals and re-processing which made the entire workflow lengthier. "A considerable amount of time was being absorbed in internal deliberations, rather than going out and talking to customers," says Chalisgaonkar.

At the 2016 Global SME Finance Forum in Beijing, Chalisgaonkar approached Thomas DeLuca, CEO of AMP Credit Technologies, a leading provider of automation technology for credit origination, onboarding the servicing of SME and consumer portfolios. By this time, the bank had spoken to a number of fintechs. But there was no off-the-shelf solution. "This was a complex problem. It wasn't like scanning document, this was a far more difficult." says Chalisgaonkar. So together Standard Chartered and AMP embarked on an initial proof of concept to test the idea, and that proved to be successful.

In November 2018, Standard Chartered Hong Kong and AMP Credit Technologies signed a contract to implement the AMP Credit Technologies Bank Statement Analyzer tool, part of their Document Digitization & Capture product suite for automating paper documents collected as part of a credit application.

AMP's Bank Statement Analyzer tool ingests scanned paper or PDF copies of bank statements that Standard Chartered requires as part of a loan application, strips every line of information into a digital format, and then runs a series of rules to create an automated output report.

In this implementation, Standard Chartered is applying more than 50 proprietary rules to each bank statement.

"This is a very sophisticated and complex undertaking."

*Thomas DeLuca, AMP Credit Technologies*

### From Days to a Matter of Minutes: Results

Standard Chartered anticipates significant impact for the bank and its customers. Chalisgaonkar says that with automation, days of manual keying and analysis can be reduced to minutes. The time it takes to get a loan will drop significantly, thereby allowing Sales to source more business, and bringing down the cost of processing a loan.

In addition to the increase in operational efficiency, and improved turnaround time for customers, Chalisgaonkar projects an additional increase in sales efficiency. With reduced waiting time, he says, Standard Chartered's hit rate will grow, because customers awaiting a decision shop around. Chalisgaonkar also anticipates an improvement in the quality of the loan book since those who are prepared to wait tend to be borrowers with fewer options.

"Sales efficiency translates into profitability and scalability."

*Rajeev Chalisgaonkar, Standard Chartered Bank*

### Next Steps

Standard Chartered began with their biggest pain point and the most time-consuming: the underwriting process. The next step is to automate other documents, and collect more data directly from external sources. Standard Chartered has been exploring a wide range of alternate data solutions, and is working with various fintechs – looking at options to automate the entire onboarding process using a modular approach.

Chalisgaonkar is convinced that digitization will put Standard Chartered on a more even footing with banks that have more extensive branch networks. A robust technology investment in a good underwriting engine that can take data from different sources will pay off exponentially as new sources of data such as e-commerce platforms and trade platforms emerge.

"Provided you have a system that can absorb that data quickly and give a decision back quickly, and then be used for ongoing monitoring, this gets you more future-ready."

*Rajeev Chalisgaonkar, Standard Chartered Bank*

Ultimately Chalisgaonkar says automation will expand access to finance because it will make lending smaller amounts, to those lacking traditional data sources, a viable business proposition.

"From a client perspective, apart from the convenience that they don't have to wait so long to get a decision, I think more SMEs will be able to borrow because of this."

*Rajeev Chalisgaonkar, Standard Chartered Bank*

As to this part of the journey, Chalisgaonkar credits the SME Finance Forum with introducing those in search of a solution to potential partners such as AMP Credit Technologies.

"That is the biggest benefit of the SME Finance Forum: it brings people like us together. It doesn't absolve us from doing our own due diligence, but if the SME Finance Forum weren't there, maybe the connection would not have happened."

*Rajeev Chalisgaonkar, Standard Chartered Bank*

"Standard Chartered is a great client for us," says DeLuca, "They're at the cutting edge of SME banking, and bring to bear a deep and diverse expertise in SME banking, from advanced markets like Hong Kong to emerging countries. We're grateful that the SME Finance Forum helped us make that connection."



# Mastercard and Strands

*Two founding members of the SME Finance Forum join forces to produce a unique banking solution for SMEs.*



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All too often, despite their potential as a revenue source for banks, small businesses end up relying on banking services and products designed for consumers. Now two well-known SME Finance Forum members are offering banks digital cash management and commercial payment tools specifically designed for their small-to-midsize customers.

Mastercard and Strands met at the Global SME Finance Forum in Beijing in 2016. Two years' later, they went public with a partnership that will help small businesses to forecast cash flow, analyze finances and gain personalized, AI-powered recommendations on services from their banks.

The combined expertise of these two powerhouses promises to help small firms better understand and manage their finances and cash flow, something that has long hindered SME efficiency and growth.

"Small businesses need to be able to manage today's cash flow as well as predict tomorrow's performance. Without these capabilities, small businesses are [left to operate in the dark](#). Indeed, poor cash flow management is [one of the top reasons why small businesses fail](#)," says Jay Singer, who leads the Global Small Business Segment at Mastercard.

"Sixty percent of SMEs place cash flow management as one of the top three priorities to help them secure their financial future," says Strands CEO Erik Brieva.

Yet they are typically offered banking solutions designed with the retail customer in mind: "This partnership addresses the unique needs of small and medium businesses, and offers banks the opportunity to tap into one of their biggest potential sources of revenue."

The Mastercard/Strands solution incorporates Mastercard's digital payments technology into Strands' business financial management suite. The new platform is designed to help businesses better manage accounts payable, accounts receivable, budgeting and other processes, and is powered by a layer of AI and machine-learning technology models. "Lázaro Campos, Co-founder of FinTechStage and former CEO of Swift, describes it as "a digital CFO for small and medium-sized companies."

Both companies' banking clients will be able to offer the platform, and they are pitching the solution to current clients together. Campos sees the partnership as "an interesting development" in the market that should benefit SMEs around the world.

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Mastercard's technology enables businesses to track their use of small business credit cards, locate merchants that accept credit cards, as well as provide payment controls and loyalty rewards at select merchants and retailers.

Singer notes that these capabilities, tailored for small business needs, will help small businesses to operate more efficiently.

"Most small business owners didn't enter their professions to become experts in accounting. They typically went down this path to pursue a passion. Our goal is to provide them with the tools that allow them to spend more time focusing on that passion, while also growing their business."

*Jay Singer, Mastercard*

Brieva says that the service will help banks retain small-business clients.

"We expect this to be a high value-added service banks can offer to their customers."

*Erik Brieva, Strands*

"It can make business customers become more loyal, and look at the bank not just as a place to come when they need a loan, but as a true partner in their business."

At a time when small businesses are looking for more help from their banks in managing cash flow, Strands and Mastercard see an opportunity to change the relationship that financial institutions have with SMEs. "We want to make the banking experience more of a business partnership, so that small and medium businesses benefit from a full range of services beyond financial solutions. Banks are in the best position to do so," says Albert Morales, VP Product Management at Strands.

Singer echoes this sentiment.

"Small businesses are increasingly looking to their banks for more than just a financial product."

*Jay Singer, Mastercard*

"This solution allows banks to address the holistic needs of their small business customers and serve as that trusted advisor."

Strands and Mastercard will be demonstrating the cash flow management tool at [Finovate in San Francisco on 8 May](#).

# CreditEnable and Confederation of All India Traders

*An encounter in Nairobi leads to a strategic partnership between a fintech and a trade association representing 70 million Indian small traders.*

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Nadia Sood was in Nairobi at the 2018 Africa SME Finance Forum presenting CreditEnable as part of the fintech stage, just one of the many opportunities fintechs have with the Forum to present their solutions to a relevant audience.

“During a field visit to EcoBank, a couple of people were asking really probing questions. They were interested in what was happening in Africa and looking for ideas they could take back home to India.”

The questioners were leaders of the Confederation of All India Traders (CAIT), the trade association that

represents 70 million owners of SMEs across India. “Meanwhile, here I was working in India trying to address a need for finance that every one of their members has,” says Sood.

Sood and co-founder Varun Sahni are trying to create the “first online global marketplace for SMEs”.

CreditEnable’s technology — predictive algorithms and analytics packages backed by artificial intelligence and machine learning—allows lenders to more easily access and assess the financial performance of small and medium-sized businesses, bringing greater efficiency and transparency to the lending process.

CreditEnable's technology also enables SMEs to manage their creditworthiness while improving their access to affordable credit.

Six months after that first encounter, CreditEnable partnered with CAIT to help its members connect with lenders on the online platform—international banks, large domestic Indian banks, small finance banks, and new digital lenders with a combined AUM of USD 10 bn. as of March 2019. "There is an ample supply of capital and there's demand. But the two are not meeting," says Sood.

IFC research shows a credit gap of USD 8.1 trillion in emerging markets, USD 230 billion of which is in India. Using CreditEnable's online marketplace and the outreach of CAIT's membership, they hope to make significant inroads into unlocking that capital for SMEs in India. "For me to go to every SME in India in need of formal finance is not feasible or efficient. So finding an aggregator that can help direct SMEs to us and work with us on preparing them for formal lending will accelerate the process," says Sood.

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### **Changemakers**

Rather than turning to informal lenders and the grey market, as most of CAIT's members are forced to do now, the aim is to match the small businesses with formal lenders offering significantly lower interest rates. The issue as Sood sees it, is not that the SMEs in India are unbanked, but that they are badly underserved by the formal market. There are no benchmarks or credit ratings available for SMEs and so for lenders the underwriting and risk assessment process is time-consuming and expensive. Meanwhile, the SMEs "have little experience as to how to prepare and to present themselves to formal lenders."

The leadership of CAIT want their members to become more competitive. "We want to get these guys onto the platform," says Sood. CreditEnable already has a number of lenders ready to offer loans of USD 75,000 to USD 125,000. "If we can connect the SMEs to these lenders they may be looking at interest rates

of up to a quarter less than what they're paying right now, so this could significantly positively impact their bottom line," says Sood.

In February 2019 CreditEnable and CAIT began the process of bringing on CAIT members through a program of peer-to-peer education and awareness-raising. Focusing initially on ten Changemakers, senior leaders of CAIT, the program will take key influencers through the experience of raising debt, and working with formal lenders. The idea is that these people will share their experiences and encourage others to learn from the changes they have made to make them more competitive.

The aim is to have 100 Changemakers in place by year-end, and to continue to expand from there.

CreditEnable itself has big ambitions that go well beyond India. But for now, India and CAIT's 70 million members represent a clear opportunity to effect change.

"We would never have met if it hadn't been for the SME Finance Forum convening these different players: that's where the magic happens. So I really do think there's huge value in bringing all these people together," says Sood.

"I see it as a huge enabler event in the growth of our business."

*Nadia Sood, CreditEnable*

# Interview: Monetary Authority of Singapore

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*Singapore may have much to teach the financial world, but Sopnendu Mohanty finds plenty to learn from Africa.*

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If you think the term regulatory sandbox is little more than a buzzword, consider the case of Singapore. The Monetary Authority of Singapore (MAS) has gained a reputation for its forward-leaning approach to innovation through a sophisticated use of regulatory sandboxes. That, along with the annual Singapore Fintech Festival fast becoming the Davos of the financial sector, makes Singapore a place to watch.

Sopnendu Mohanty, Chief Technology Officer of the Monetary Authority of Singapore, has been crossing continents to share what they've learned. At the Africa SME Finance Forum in Nairobi, he was introduced

to the Governor of the Central Bank of Kenya, a meeting that planted the seed of a now-flourishing relationship between the Monetary Authority of Singapore and the Central Bank of Kenya.

**You spoke at the Africa SME Finance Forum in Nairobi last year. Why is it important for you to share the MAS experience?**

**Sopnendu Mohanty:** You cannot say that Singapore will become a smart financial sector because we are doing all the right policies and adopting technology, and we have right risk management. No financial

sector becomes smart, or sustainable, or safe or secure, just by adopting technology within their jurisdiction. This is a highly connected ecosystem. What happens somewhere affects us, what happens in Singapore will affect somewhere else, so it's very important for us to engage beyond our boundaries and have a global discussion to create a more consistent, coordinated approach, with better harmonized standards and technology that is interoperable, as we collectively move to this digital construct of the financial sector.

The second piece is my own personal belief that the best innovation will come from emerging markets. These are markets where we can explore and design products and services that can be deployed by leapfrogging legacy systems faster, and developed markets like Singapore can learn from these examples.

I believe that innovation from emerging markets will become the global go-to standard. Take India. The India stack, which is a remarkable platform for KYC, has shown the world how such a platform can be developed and deployed, and everybody is now trying to replicate a similar construct. Such examples are important because innovation is not just about improving the consumer experience in a way that is resilient to constraints and system risks: it should also be affordable and super-scalable.

**You were introduced to the Governor of the Central Bank of Kenya. Why was that important?**

"I should thank the SME Finance Forum. Our relationship with the Central Bank of Kenya came about from the Africa SME Finance Forum in Nairobi."

*Sopnendu Mohanty, Chief Technology Officer of the Monetary Authority of Singapore*

I didn't realize then that we would rapidly develop such a good collaboration with the Central Bank of Kenya. In fact, my whole Africa connectivity accelerated because of that conference.

Of course Kenya has a great history because of the whole M-Pesa story. When I joke with the central bank I say the first sandbox actually came from Kenya, because they were the ones where the regulators allowed certain experiments to happen without putting the full burden of regulation, but still maintaining a close eye on the boundaries. The mobile operators were building a mobile money platform, the regulatory burden was not overpowering, and look at what's evolved: a highly successful product in the market. So Kenya in my mind is the father of the sandbox.

Given the history of Kenya, we thought it would be prudent for MAS and the Central Bank of Kenya to think about a much broader plan where Asia and Africa can come together and start collaborating on a wide range of products and innovation, thinking about how new policies can be constructed to reflect the new realities. We're looking at how to solve basic gaps in the financial systems starting with individual consumers, SMEs, corporates, to go deeper into the capital market, and also think about an area where we have a long way to go: building innovation into the insurance sector. So really thinking about the whole construct of the financial system in a holistic way.

**What advice did you have for the Central Bank of Kenya?**

One thing Singapore did that in hindsight was good was to define fintech to embrace both fintechs looking for licenses to compete in the financial services—mobile money, new payment systems, peer to peer lending—and those fintechs that don't necessarily offer financial services straight to the consumer. They split the financial system into small chunks and specialize in building remarkable systems to address that problem, for example risk management, customer management, KYC, new pricing tools. They are building solutions for the financial sector, but in a highly specialized, open-architecture, modular way, plugging into or replacing the legacy systems. This broad definition of fintech allowed us to expand our thinking.

With the Central Bank of Kenya, we've been talking about how to go beyond the M-Pesa story and expand the fintechs working with financial institutions. So that means going to the existing banks and financial institutions, and find a way to bring fintechs that will help them transform their existing infrastructure to a remarkable new system.

A lot of the banks were already there. I think their problem is they don't know how to build new systems without a lot of money. We believe this partnership can bring fintech companies, help the legacy incumbents to rapidly digitize by deploying better technology at a fraction of the cost using the new APIs, and the platform architecture and help the whole narrative to shift, because it's not always true that the best way to handle transformation is with new players.

The best way to transform is to bring new players, and to also leapfrog the legacy into the modern way of doing things.

**The Singapore Fintech Festival has been core to your work in Asia, what role does it have in this collaboration?**

We are doing a big Fintech Festival in Nairobi in July, modeled on the Singapore Fintech Festival, but this is a joint version between the Central Bank of Kenya and MAS to build a bigger Asia-Africa platform for financial technology knowledge sharing.

Then we'll bring the whole story back to Singapore every year to show the progress both continents are making in financial services innovation.

**What have you gained from coming to the SME Finance Forum?**

"My own understanding of Africa definitely expanded by joining the Africa SME Finance Forum in Nairobi."

*Sopnendu Mohanty, Chief Technology Officer of the Monetary Authority of Singapore*

It opened up my understanding of how emerging markets can be co-partners in this journey of financial innovation. That Africa and Asia can collaborate on an equal footing to drive innovation is a huge insight for me. I credit the SME Finance Forum for that insight.

The second piece is the powerful stories we heard that really inspired me. The SME transformation happening in this part of the world is really an eye-opener for all of us, and we can see real opportunities where SMEs' dreams and aspirations can be liberated by using the power of the digital platform.

"The SME Finance Forum is addressing a subject of remarkable importance in the future of financial services. SME Finance Forum events are very well constructed, focused, and allow us to go deep into subjects that will impact SMEs' ability to scale. I hope I can attend more."

*Sopnendu Mohanty, Chief Technology Officer of the Monetary Authority of Singapore*

# Budget and Financial Outlook

The annual operating cost of the SME Finance Forum was around \$2.3 million for 2018. The goal is to keep the operating costs low, while expanding revenues from membership fees and sponsorship to cover costs.

In 2018, the SME Finance Forum generated US\$950,000 in membership dues and around US\$661,000 in sponsorship and event registration fees. Currently, around 63 percent of the SME Finance Forum budget is covered by membership fees and other revenues.

## SME FINANCE FORUM OPERATING COSTS

Travel and Representation	220,000
Consultants and Contractual Services	910,000
Staff	1,192,000
<b>TOTAL</b>	<b>2,322,00</b>

Although the SME Finance Forum strives to become financially self-sustainable, it continues to rely on the generous contribution of its donors. It acknowledges with gratitude contributions from the following donors:



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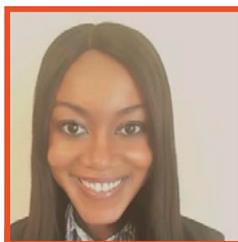
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