



INTERNATIONAL FINANCE CORPORATION
WORLD BANK GROUP



Non-Financial Services to SMEs by Banks

The MENA SME Banking Conference

Dubai, May 8th 2013

NFS: WHAT ARE WE TALKING ABOUT?

Non-Financial Services to SMEs are:

- ✓ a broad range of services aiming at addressing some SME needs ...
- ✓ neither directly related to financial services, nor specific to financial institutions ...
- ✓ including but not limited to information, training, business opportunities, fairs, B2B, etc.



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NFS: WHAT ARE BANKS DOING IN THIS SPACE?

A Typology of SME Non-Financial Services provided by Banks

Account Manager Support	Business Information / Networking	Capacity Building (workshop/seminar)	Consulting (coaching / mentoring)
<p>Services</p> <ul style="list-style-type: none"> ✓ Advice & Business Assessments from Account Managers 	<p>Tools & Services</p> <ul style="list-style-type: none"> ✓ Computer software or web-based SME information platforms (e.g. SME-TV, IFC SME Toolkit, B2B Platforms, etc) ✓ Trade fairs ✓ Road shows ✓ SME Expo series ✓ Reality television shows ✓ SME Fairs 	<p>Tools & Services</p> <ul style="list-style-type: none"> ✓ Organized by the Bank vs sharing information about relevant training opportunities at local training institutions ✓ Training can be generic or focusing on clusters / sectors (e.g. women-owned enterprises) 	<p>Tools & Services</p> <ul style="list-style-type: none"> ✓ Business mentors/coaches/experts (legal, marketing, tax, business development, etc) ✓ In-house (TEB) or external experts

Increasingly complex, tailored, outsourced

90%

81%

76%

19%

Why are Banks offering these services?

- ✓ **Differentiating** yourselves from the competition (SME Bank of choice) > 94%
- ✓ **Building Loyalty** (Client retention) > 69%
- ✓ **Growing Customer Base** and extend customer reach > 50%
- ✓ **Improving Portfolio Quality** (decrease SME risk/NPL)
- ✓ **Strengthening Knowledge of Users/Customers** (mitigate information asymmetry)
- ✓ **Cross Selling** products and services
- ✓ ... **Imitating** their peers

The Key questions to ask yourself about NFS

Strategic Issues

- ✓ **Rationale:** Be clear about your objectives
- ✓ **Positioning:** CSR or core SME business?
- ✓ **Momentum:** When does it make sense to offer NFS? (Market size?, Growing the SME Business?)
- ✓ **Monitor:** Give yourself the time to experiment properly and monitor
- ✓ **Budget:** where is the funding coming from?

Operational Challenges

- ✓ **Be selective:** Where can you get the biggest "bang for the buck"? Differentiate yourself!
- ✓ **Delivery:** What should be outsourced vs in-house services? And who shall handle it within the Bank?
- ✓ **Scalability:** Technology enabled delivery?



Portfolio of NFS Interventions with FIs