

afi Alliance for
Financial Inclusion
Bringing smart policies to life

Moving Into the Mainstream – Alternative Funding Mechanisms for SMMEs & Related Policy Issues

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The Alliance For Financial Inclusion



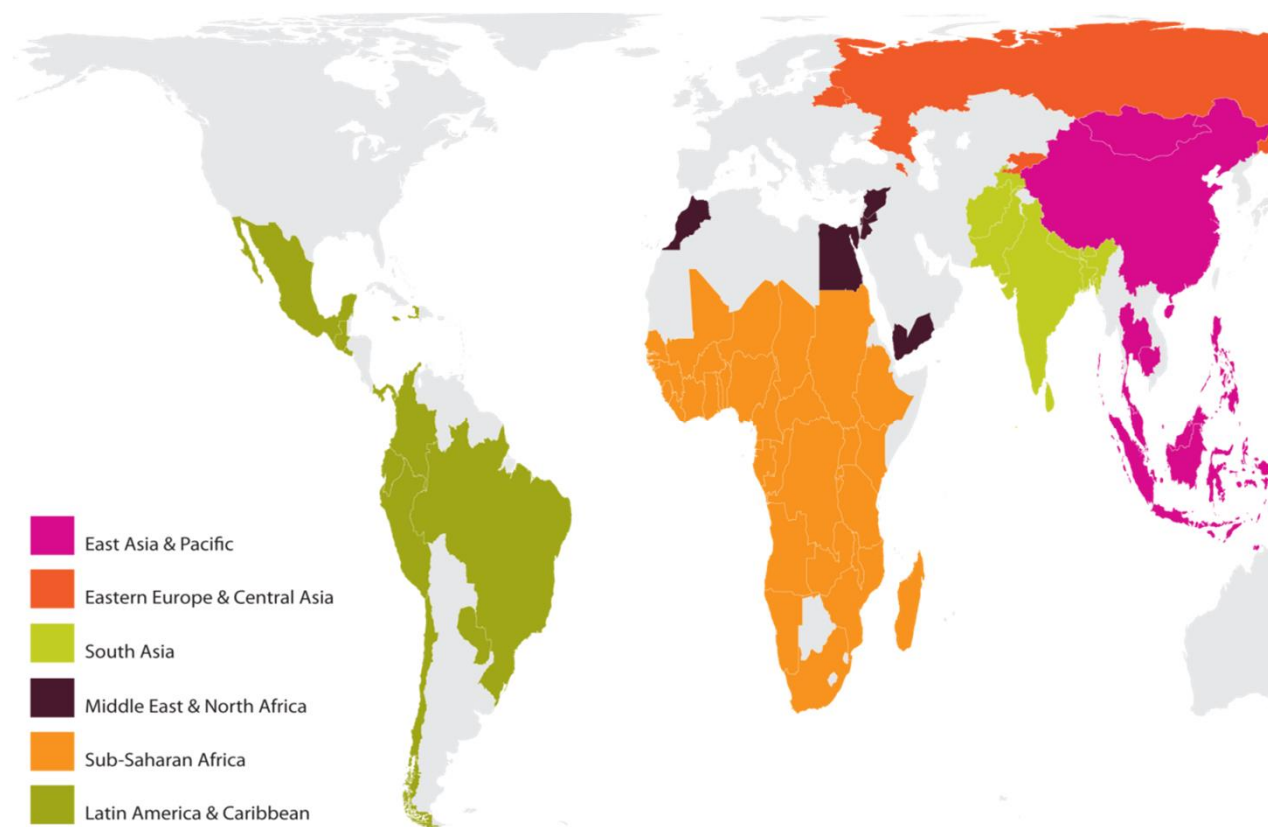
Building the
Network

Activating the
Network

Enhancing
Network value

Policy-Driving
Network

Independent
Network



125 Institutions

96 Countries

Unique Peer Learning
Network Working Groups

7 Policy Areas

More than 116 tangible
policy changes

Shaping global discussions
(G20, G24, SSBs)

Platform for public private
dialogues

**Maya Declaration: 54
concrete commitments**

SME Finance Working Group



SMEs are crucial to job creation and poverty alleviation, but access to financing can be a challenge for SMEs in developing countries. SMEFWG is AFI's newest working group to address this challenge.

Key Objectives

- “ Contribute to the growth of SMEs through advancing an understanding of access and usage of financial services
- “ Identify (financial) policy frameworks and interventions to enable the socio-economic role of SMEs



Digital Financial Services Working Group



Digital Financial Services (DFS) can expand financial services to the poor through new technologies. DFSWG is an exciting and dynamic working group that brings policymakers together to promote and regulate DFS.



Key Objectives

- “ Identify the risks and regulations associated with emerging DFS through peer learning and discussion
- “ Share information about innovations in DFS
- “ Work with Standard-Setting Bodies
- “ Create an enabling environment for transformation, and encourage cross-industry partnerships between banks and non-banks




Digital Financial
Services Working Group

Benefits & Opportunities of Digital Financial Services for SMMEs



Key Digital Financial Services Models Impacting SMMEs



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- The background of the slide is a photograph of a person's hand holding a black and silver flip phone. The person is smiling, and their face is partially visible on the right side of the frame. The background is blurred, showing an outdoor setting with greenery and a building.
- “ E-money Services
 - “ Mobile Financial Services
 - “ Big Data
 - “ Crowdfunding models

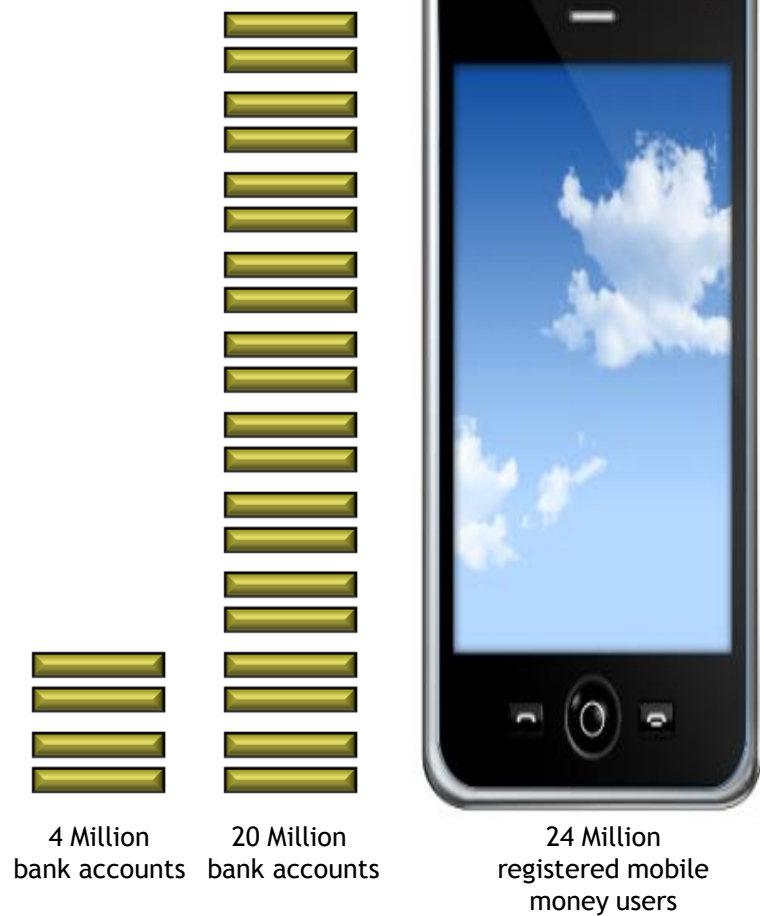
Convergence & Interoperability: A driving force for SMMEs



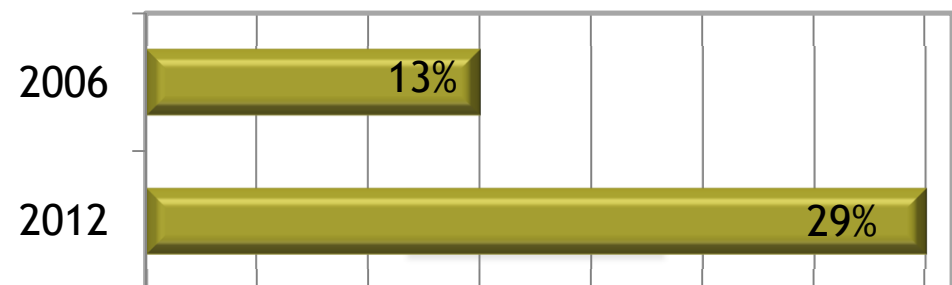
Financial
Inclusion



Mobile E-Money Supporting Access to Finance in Partnership with Banks



% of adults using a bank account in Kenya





Digital delivery channels
making savings & credit
products more accessible:
M-Shwari/Kenya

The image shows two men in a rural setting, likely a field of tall green plants. The man on the left, wearing a yellow t-shirt, is holding a red Nokia smartphone and looking at the screen. The man on the right, wearing a patterned orange and red shirt, is looking at the phone with a slight smile. The background is filled with green foliage, suggesting an agricultural environment.



Small Value and Credit Savings

M-Shwari, a savings and credit product from Safaricom and Commercial Bank of Africa (CBA) has registered **phenomenal uptake**.

The product enables M-PESA subscribers registered for at least 6 months to get a loan, anywhere from

\$1.15 to \$235
for a 30 day term
instantly into their e-wallets.

Terms of conditions: Primarily based on data analysis of customer's use of M-PESA.

CBK is now the largest bank in terms of number of accounts

Cumulative Deposits:
US \$1.53 billion

Cumulative Loans:
US \$277 Million

Number of deposit accounts at CBA:
35,000 to 9.2M in 2 years

Big Data in China: Enabling SME Financing



- “ **Alibaba** has partnered with Chinese banks to offer SMEs data-based, un-secured credit lines
- “ Banks use data from Alibaba’s “One-Touch” service platform, built around foreign trade, to instantly access SMEs’ financial data (ie. record of sales)
- “ 1-10 Million RMB offered as loans

Big data is now being utilized to address both the lack of operational credit data and financing amongst SMEs.

CrowdFunding

An innovative and unique approach to using crowdfunding to support SME clients

- SMEs can share credit investigation information on a crowdfunding site hosted by a bank
- If the business can attract funding and pay off the loans to their initial investors, the bank could then provide follow-on financing

Regulators: How does this operate? What are the risk management and policy considerations?

Digital SMME Financial Services: Related Policy Trends & Considerations



- ” Technological innovation is being seen as a way to reduce cost of delivery and increase access on a large scale



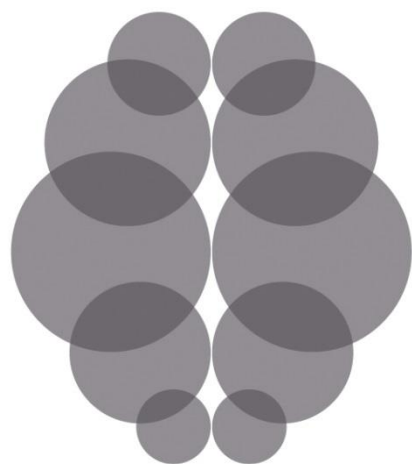
- ” Proportionate financial sector policy regulation can be a critical enabling factor

Digital SMME Financial Services: Related Policy Trends & Considerations



- “ Increased importance of data to make informed policy decisions
- “ Consumer protection issues around DFS for SMMEs
- “ Coordinated national strategies for expansion of digital financial ecosystems leading to more inclusive environments
- “ New SMME innovations being reviewed by Policy Makers





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