



SME FINANCE
FORUM

ANNUAL REPORT

2019



GPI

Global Partnership
for Financial Inclusion



MANAGED BY

IFC

**International
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WORLD BANK GROUP

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ACRONYMS

ABAC	APEC Business Advisory Council
AFI	Alliance for Financial Inclusion
AI	Artificial Intelligence
AML	Anti-money Laundering
APEC	Asia-Pacific Economic Cooperation
APFF	Asia-Pacific Financial Forum
ASEAN	Association of Southeast Asian Nations
ATM	Automated teller machine
B2B	Business-to-Business
BRICS	Brazil, Russia, India, China and South Africa
CEO	Chief Executive Officer
eID	Electronic identification
eKYC	Electronic Know Your Customer
FIG	Financial Institutions Group
FSB	Financial Stability Board
GDP	Gross domestic product
GPFI	Global Partnership for Financial Inclusion
ICBC	Industrial and Commercial Bank of China
IFC	International Finance Corporation
IT	Information technology
KYC	Know Your Customer
MFI	Microfinance institution
MSMEs	Micro, small and medium enterprises
N/A	Not applicable
NBFI	Non-bank financial institution
OECD	Organisation for Economic Co-operation and Development
QR	Quick response
ROA	Return on assets
ROE	Rate on equity
SaaS	Software as a Service
SIM	Subscriber identification module
SMEs	Small and medium enterprises
TED	Türk Ekonomik Bankası
UK	United Kingdom
WEF	World Economic Forum

FOREWORD



The year 2019 has been a remarkable year for the SME Finance Forum — a year of continued, strong membership growth and effective delivery of member services. Since our launch in November 2015, we've grown from a few dozen committed early adopters into a global membership network. In fact, we welcomed our 164th member/partner at the Global SME Finance Forum 2019 in Amsterdam, the Netherlands, marking an increase in membership of 30 percent over the past two years — and more institutions are exploring membership opportunities.

Our members operate worldwide, serving more than 23 million micro, small and medium enterprises (MSMEs) and providing more than \$431 billion in financing. They are united by the common purpose of better serving MSMEs and closing the \$5 trillion finance gap — or 1.3 times the current level of MSME lending. In addition, our network includes 11 development finance institutions that collectively work with over 400 financial institutions on MSME finance topics.

Highlights from 2019 include:

- More than 650 participants from more than 280 institutions and 75 countries convened in Amsterdam in October for our fifth and the largest annual conference yet.
- Her Majesty Queen Máxima of the Netherlands, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, launched our annual conference with strong praise for our collective progress to date, noting: *"The SME Finance Forum has done great work in building a global network with more than 160 member institutions."*
- Representatives of more than 25 institutions attended our members-only webinars each month, offering the opportunity to engage on key emerging and technical topics, such as Artificial Intelligence (AI), risk management, banking as a platform, de-risking innovations, credit scoring, and non-financial services, to name just a few.
- Member institution DBS hosted an immersion program on Digital Transformation in Singapore and member institutions JD Digits and Yillion Bank joined ICBC, the world's largest bank, for a separate immersion visit to Beijing, China.
- The Financial Stability Board led a tele-workshop in which our members were invited to comment on their new research regarding the impact of post-crisis regulatory reforms on SME access to finance.

Our second annual Global SME Finance Awards competition drew over 140 entrants, representing a 40 percent increase from its inception year. Over 70 distinguished judges selected sixteen winning institutions from across the globe. In addition to awards in the three original categories—Product Innovation of the Year, Responsible Digital Innovator of the Year, and SME Bank of the Year—we introduced a new award to recognize the special contributions of financial institutions serving women-owned SMEs.

Endorsed by the G20 Global Partnership for Financial Inclusion (GPII), these awards not only recognize the innovators, but also encourage other financial institutions and FinTechs to learn and adopt best practices and to invest in innovation.

In the second half of this report, we profile a selection of the outstanding winners of 2019 to provide insight into the activities of each in their respective markets. For instance, we are confident you will find inspiration in learning how MYbank loaned 2 trillion yuan (US\$290 billion) to nearly 16 million small companies in China in just five years; how BRAC Bank won over women-owned SMEs in Bangladesh by pioneering a novel 360-degree proposal for entrepreneurs; and how Equity Bank evolved from a family-owned building society in 1984 to become the largest bank in East Africa by number of customers. We also highlight which institution became the first in China to commit to the Responsible Finance Forum's Guidelines for Responsible Investing in Digital Financial Services.

The results of the 2019 SME Finance Forum Member Survey show that, through participation in the Forum's activities, two-thirds of respondents acquired new knowledge about SME banking that was directly relevant to their work; 37 percent formed new business partnerships; 22 percent engaged in a productive dialogue with policymakers; and 11 percent made or received one or more investments that started with the Forum.

In the coming year, we look forward to continuing to focus on facilitating partnerships and investments, while also leveraging and fostering innovations to help financial institutions, FinTechs, and development banks serve a greater number of SMEs more effectively. The SME Finance Forum's annual flagship event, the Global SME Finance Forum, has become the premier gathering of SME finance professionals. The event convenes experts at the highest level, offering an in-depth exploration of cutting-edge issues across a wide array of institutions and countries. Through its events and other activities, the Forum will continue to disseminate cutting-edge knowledge and best practices in small business lending. With the Saudi Presidency of the G20 in 2020, and new member applications streaming in post-Amsterdam, we look forward to another productive year of building on our strengths and introducing new initiatives in partnership with our members, donors and partners.

Matthew Gamser
Chief Executive Officer, SME Finance Forum

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



SME FINANCE
FORUM 2017

*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.



"The Forum provides a unique platform to promote not only learning and sharing of knowledge and good practices, but also to build partnerships between different stakeholders."

H.M. Queen Máxima of the Netherlands

Why is Small Business Finance a Big Deal?

MSMEs are at the heart of
job creation, accounting 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.

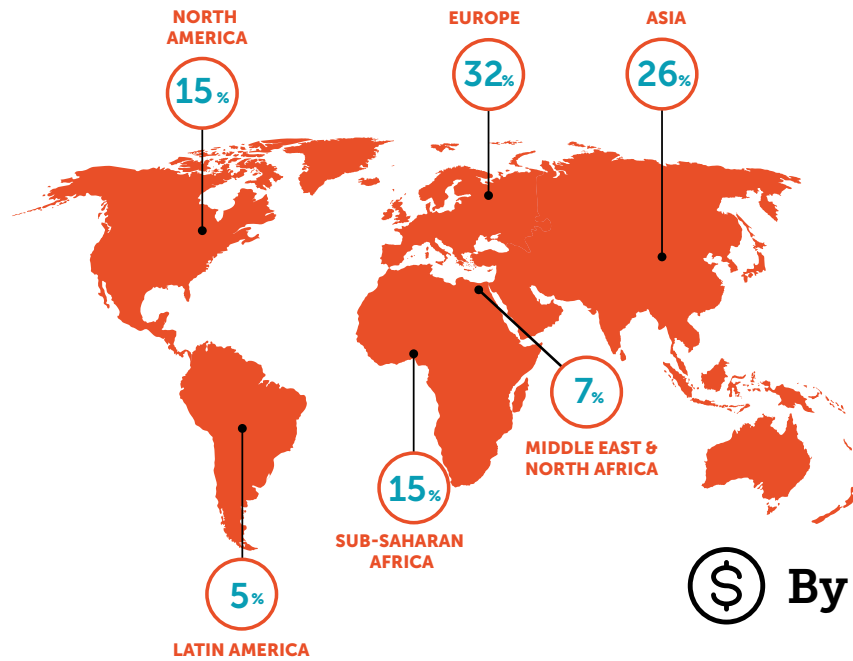
The unmet demand for credit is estimated to be **\$4.5 trillion**.

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

MEMBER NETWORK

164 members operating worldwide,
 serving more than **23 million SMEs**,
 providing more than **\$431 billion** in financing.

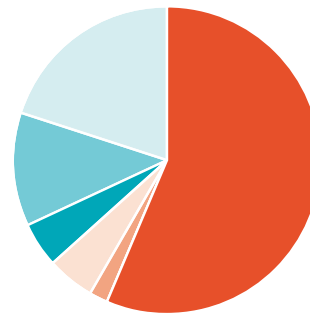
By region



We've got into networks that have been very very productive for our business. We would recommend this to any bank in any part of the world.

Michael Makau, Head of Business Banking and Asset Finance, Commercial Bank of Africa

By asset size



By sector

58% Financial Institution

26% Fintech

16% Other



Members of the SME Finance Forum

4G Capital	eFactor	MCF
ACBA-Credit Agricole Bank	EHDA	Morocco Credit Guarantee Corporation
Access Bank	EIB	Medici
Acces Banque Madagascar	EIF	MEII
Access Holding	EMPEA	MEKAR
Access to Finance Rwanda	Equity Bank	Microfinance Centre
Accion	ESAF Small Finance Bank	MIZA
ACCIS	Experian	National Microfinance Bank
ADFIAP	Fawry	NCBA
ADFIMI	Fonds de Développement Industriel (FDI)	NOVA Credit
Advans	FEBIS	Opportunity Network
AECM	FEDECREDITO	Palestine Investment Bank
Afriland First Bank	Feidai	Pay Pal
Al Raedah Finance	Felaban	Phongsavanh Bank
Alpha Bank Romania	Fern Software	PME Investimentos
American Express	Fundo de Garantia de Credito (FGC)	PRASAC
AMP Credit Technologies	Fidelis Finance	Proparco
Ant Financial/MyBank	Fidor	Qatar Development Bank
Banco Amazonas	Financial Alliance for Women	Q-Lana
Banhcafe	FINCA Impact Finance	Raiffeisen Bank International
Bank Saudi Fransi	FMO	Rakuten
Banking Association of South Africa	FOGABA	REGAR
BASIX Sub-K	FractalLabs	RenRenDai
Basware	F-Road	Sathapana
BBVA	FSD Kenya	SDB
BFA	Funan Microfinance	Sinapi Aba Savings
BIIA	Garanti Bank	SME Banking Club
Bitbond	Global Alliance for Banking on Values	Société Ivoirienne de Banque (SIB)
BNI Europa	GRAB	SOFIHDES
BPB Bank	Hattha Kaksekar Limited	Spartan
BRAC Bank	HPB - Zhaoxi	SPGM
Branch	I&M Bank	Standard Chartered Bank
BTPN	ICICI Bank	Strands
Cafi	IDB Invest	SUGEF
Cambodia Post Bank	IDLC Finance Limited	Tatra Bank
Camko Bank	IFC	TEB Bank
CapPlus	IFD	The MasterCard Foundation
Cash Director	Inbonis	The Montreal Group
CDC	InFiNe	Topicus
China Village and Township Bank Forum	Infini	TREFI
City Bank	International Factors Group/FCI	Triodos
Cogebanque	Intesa Sanpaolo	Ubx
Co-operative Bank of Kenya	JD Finance	United Commercial Bank
Council of Europe Development Bank	Jumo	Ukrgasbank
Credit Guarantee Company in Egypt	Kabbage	US Chamber of Commerce
CreditEase	Kafalah SME Loan Guarantee Program	Virtusa
CreditEnable	KGF	Voyager
CRIF	Khanbank	Wells Fargo
DBS	Khushhali Bank Limited	Women's World Banking
Development Bank of Nigeria	KODIT	World Business Angels Investment Forum
Development Bank of Rwanda	Linklogis	World Savings Bank Institute
DFC	MadfoatCom	XacBank
DigiVation	Madison Finance	Xero
Ecobank	Making Finance Work for Africa	Yillion Bank
EESPA	MasterCard	

MEMBER SERVICES



Learn

Acquire new knowledge of SME banking

Monthly Webinars

Communities of Practice

SME Data Sets

Members Portal

Online Resources

Immersion Programs

Study Visits

Social Media



Link

Make new business partnerships

Annual Conference

B2B Marketplace

Contact Brokering

Discounted admission to selected partner's event



Lead

Engage in high-level discussions

Global SME Finance Awards

Connect industry with policymakers and regulators

Research and Publications

Have a voice in key policy bodies: G20, APEC/ABAC, OECD, Basel Institutions

You strike up partnerships. People start to know each other, follow up to make the ecosystem work for everyone.

Denise Leonhard, Senior Director of Global Corporate Strategy – Paypal

We have had several investments that we made directly as a result of attending the forum.

James Polan, Vice President, Small and Medium Enterprise Finance Department – DFC US

There is a wealth you can learn from each and every one of the participants in order to improve the financing to SMEs.

José Manuel González-Páramo, Executive Board Director, BBVA

The results of the 2019 member survey show that, through participation in the SME Finance Forum's activities, **two thirds of respondents acquired new knowledge on SME banking** that was directly relevant to their work; **37% formed new business partnerships**; **22% engaged in a productive dialogue with policymakers**; and **11% made or received one or more investments** that started with the Forum.

2019 - 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 business-to-business (B2B) marketplace, networking sessions and study visits to high-performing institutions.

Global SME Finance Forum 2019 - The Convergence of the Real and Financial Sectors in SME Finance, Amsterdam, The Netherlands, October 7-9, 2019.

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The Fifth Annual Global SME Finance Forum gathered over **650 senior executives** representing **280 institutions**, including banks, development finance institutions, FinTech companies and regulators from **75 countries**. Together they examined the different ways

in which the real sector has entered the SME finance space, as well as the various ways in which financiers and regulators are coping with the “new kids on the block.” The objective of the conference was to promote learning and share good practices in SME finance. As such, the conference focused on several issues that are critical for the development and growth of MSMEs. Within the theme of “convergence of real and financial sectors in SME finance”, some of the conference’s key topics included the role of real sector companies in SME finance; supply chain finance; financing for women entrepreneurs; agrifinance; and data governance — including issues concerning the need to balance data potential and privacy protection.

The Global Finance Forum 2019 was also pleased and honored to welcome the participation of H.M. Queen Maxima of the Netherlands (featured in the photo), the United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development. In her speech to participants, she highlighted the need for MSMEs to have access to markets, business and risk management tools, and digital payments.



> Study visits

Study visits bring together executives from hundreds of member institutions to meet face-to-face with the most innovative and creative companies in SME finance. In 2019 alone, **217 executives** from **230 institutions** visited **15 innovators** in **three countries**.

Global SME Finance Forum 2019 Amsterdam, The Netherlands

In October 2019, as part of the Global SME Finance Forum in Amsterdam, members visited **10** companies and institutions, ranging from established banks with massive client bases, such as **Rabobank** and **ING**, to newly emerging innovators such as **Trefi** and **Topicus**. The themes of digital innovation, alternative funding models, and social impact dominated the study visits.

> Empowering SMEs

A key focus of the Amsterdam study visits was on companies that provide SMEs with access to the kinds of financial tools that were once the sole preserve of large firms. For instance, **Experian**, the multinational data analytics firm, showcased how it is providing the kind of decision-making inputs once unaffordable for SMEs, including market research and sentiment analysis tools, as well as a new app for SME owners that will allow them to link market and accounting data.

FCI, a global association for the factoring and receivables finance industry, and **Trefi**, an emerging force in that industry, demonstrated how receivables financing — once a niche market for large firms — can become another tool for the empowerment of small businesses. By allowing firms to sell their invoices, international factoring relieves SMEs of the burden of trying to enforce payment from international clients — one of the key obstacles that prevents SMEs from becoming exporters.

However, no organization more clearly demonstrated the humanitarian potential of SME empowerment than **The Medical Credit Fund**, an initiative established by Pharmaccess to provide loans to small

healthcare providers in Africa. Members saw how innovative finance is directly improving the lives of people in an environment where small healthcare providers previously had almost no access to credit.

> Reducing the cost of lending

Members also visited several companies that have found creative ways of reducing the cost of lending to SMEs.

At their new co-creative space, “The Garage”, **Deloitte Digital** shared the findings of their landmark report on SME lending in the Association of Southeast Asian Nations (ASEAN) countries, as well as two demos from their United Kingdom (UK) Corporate Banking Showcase. Deloitte also showed members how introducing digital innovation in risk analysis and payment infrastructure will become a vital part of “banking” SMEs globally.

The visit to Blanco provided members with an example of digitization in practice, including their FinTech solution to streamlining the burdensome process of Know-Your-Customer (KYC) checks.

> Disrupting the Market

Members visited some of the emerging lenders whose innovative models are disrupting the financial world — and offering new paradigms for SME lending.

At **Funding Circle**, members learned how peer-to-peer lending is transforming the range of lenders available to SMEs, while at the same time providing investors with access to the attractive rates paid by SMEs.

On their visit to Topicus, members were briefed on how a cloud-based funding platform has allowed the company to launch a radical model of “crowd-funded mortgages”. Executives at **Dynamic Credit** outlined how their FinTech solution allows entrepreneurs to quickly access credit at competitive rates, while at the same time providing investors with access to the returns of SME finance.

> Leveraging the power of established banks

Alongside disruptive start-ups, members also visited some of the largest financial institutions in the Netherlands, including **ING bank** and the cooperative bank, **Rabobank**. Members heard how an established bank is able to innovate and adapt to changing technology trends.

> Ukgasbank Study Tour to Istanbul, Turkey

In November 2019, 10 branch managers from Ukraine’s Ukgasbank were selected through a national contest to attend a study tour to Turkey. To earn their place, the winning managers had to demonstrate exceptional customer service and lending performance. The winners visited some of Turkey’s best SME lenders, as well as a range of FinTech firms.

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“It was a valuable experience for our team to see the operation of the two leading Turkish banks from the inside. We are sure that adopting the new experience we have gained during the visit into the banks’ practices will prove very useful in terms of the branch operation organization and the development of the SME segment overall.”
- Andrii Kravets, First Deputy Chairman of the Management Board of Ukgasbank

Learning from Peers

At Sekerbank, the Ukgasbank managers learned about the huge SME sector in Turkey and how Sekerbank has developed its processes to best serve the sector, from branch management to digitization. The group also visited a client to hear first-hand about the process of borrowing from the client perspective.

At **Türk Ekonomik Bankası (TED)**, the group met the executive leading the bank’s push to digitize SME

finance, before visiting one of TED’s “Start-up Houses”, an incubator for innovative small businesses.

> Learning from Innovators

The group also visited several FinTech companies including **Ekinoks Software**, which allows customers to enter their loan requests into a system and immediately receive the best available offers from several banks. This represents a market-making innovation that could transform the level of information available to SMEs.

SME Finance Forum Immersion Program 2019

> Singapore

In March 2019, the SME Finance Forum’s Immersion Program took members to Singapore for two days of talks and workshops at DBS, one of Asia’s leading banks. Members were shown how DBS was digitizing the lending process across its 9 million-person customer base. They also heard about the journey that DBS had taken to reach this point.

Study Visit Hosts

Blanco:

A banking platform for financial institutions that automates Know-Your-Customer checks.

DBS:

Based in Singapore, DBS is one of Asia’s leading banks, serving 9 million customers across Southeast Asia.

Deloitte:

A creative digital consultancy based in Amsterdam at The Edge and the brand-new co-creation makerspace, The Garage, a recently opened innovation facility.



Hans van Grieken, Research Director of Deloitte.

Dynamic Credit:

An innovative asset management and direct lending firm. Founded in 2003, it has offices in Amsterdam, New York and Jakarta.



Ekinoks Software:

A Turkish FinTech start-up that is introducing market-making technologies to bank branches, allowing customers to immediately access multiple, competitive loan offers.

Experian:

A global information services company providing data and analytical tools.

FCI:

A representative factoring network and association for the factoring and receivables finance industry. It

has close to 400 members in 90 countries.

Funding Circle:

A global SME lending platform, connecting SMEs looking to borrow with investors who want to lend in Germany, the Netherlands, the United Kingdom, and the United States.

ING:

A global full-service bank with 54,000 employees serving around 38.4 million customers, corporate clients and financial institutions in over 40 countries.

Medical Credit Fund:

A fund dedicated to providing loans to SMEs in the health sector in Africa.

Rabobank:

A cooperative bank with more than a hundred local branches in the Netherlands focusing on international business and rural activities, as well as the food and agriculture sector.

Sekerbank:

Now a nationwide retail bank, Sekerbank was founded as a farmers' cooperative and maintains a strong commitment to lending to farmers and craft workers.

TED:

One of Turkey's most prominent banks and a leading lender to the SME sector.

Topicus:

A cloud-based business lending platform that makes financing more accessible, efficient and transparent.

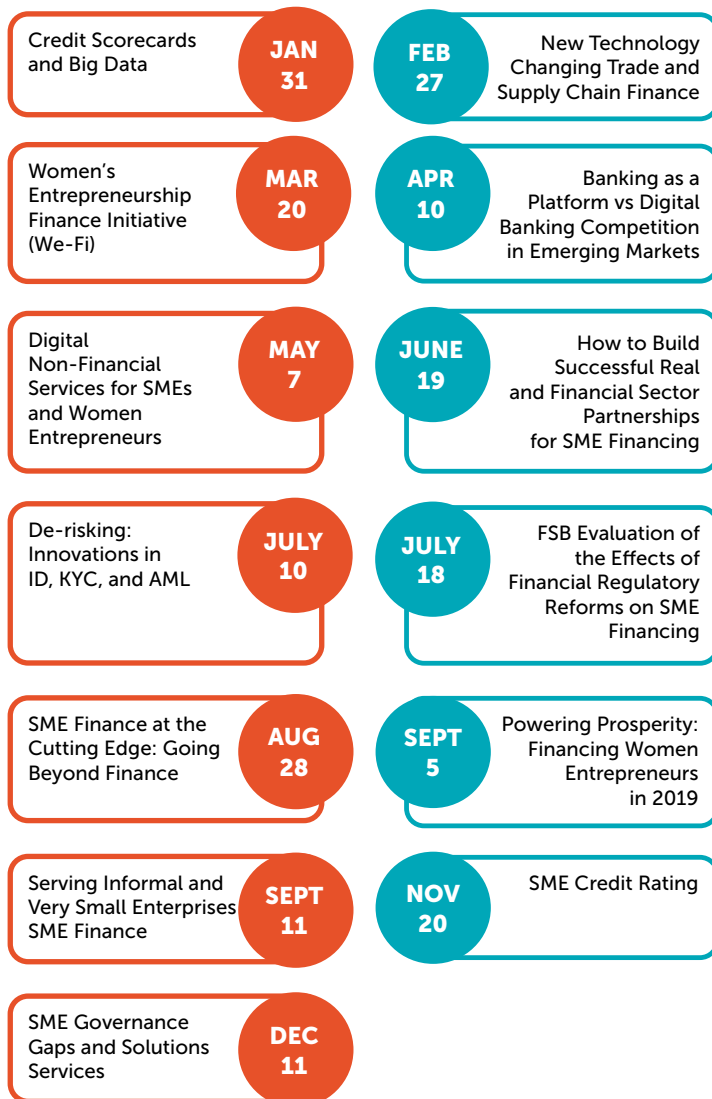
Trefi:

A business clearing and risk management infrastructure service, providing tools and working capital focused on entrepreneurs.

> 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 13 webinars in 2019, including:



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> Online Resources and Social Media

The [SME Finance Forum](#) website's [library](#) section comprises over **4,900** entries, including over **1,300** publications and **1,000** articles and blogs on the topic of SME finance. In 2019, the website had a monthly average of **7,450** unique visitors and **19,000** page views.

Social media channels have also grown steadily in 2019. Over **750** new members joined the [SME Finance Forum LinkedIn](#) discussion group, which reached a total of **11,750** members as of the end of December 2019. The LinkedIn group includes bank executives, investors, advisory service providers and FinTech experts who share knowledge, spur innovation, and promote the growth of SMEs. The SME Finance Forum LinkedIn site also provides an opportunity for financial experts to view the latest news, reports, data and discussions regarding the SME finance field.

In addition, over **800** new followers joined the [SME Finance Forum Twitter](#) account, which reached a total of **6,000** followers as of the end of December 2019. Indeed, the SME Finance Forum Twitter account is among the top 10 SME finance sources to follow.

> Portal and Mobile App

The SME Finance Forum team decided to drop the members app and focus on improving the members portal. All the functionalities available on the app are being moved to the members portal and will include tips from the expert, the conference and webinar proceedings, and the member institutions directory. The members portal has also been updated with the results of the SME Finance Forum's 2019 Annual Conference, which examined the different ways in which the real sector has entered the SME finance space, as well as the ways in which financiers and regulators are coping with the "new kids on the block." In addition, in 2020, the members portal will undergo a revamping that will allow for better search options through improved filtering.

> MSME Finance Data Competition 2019



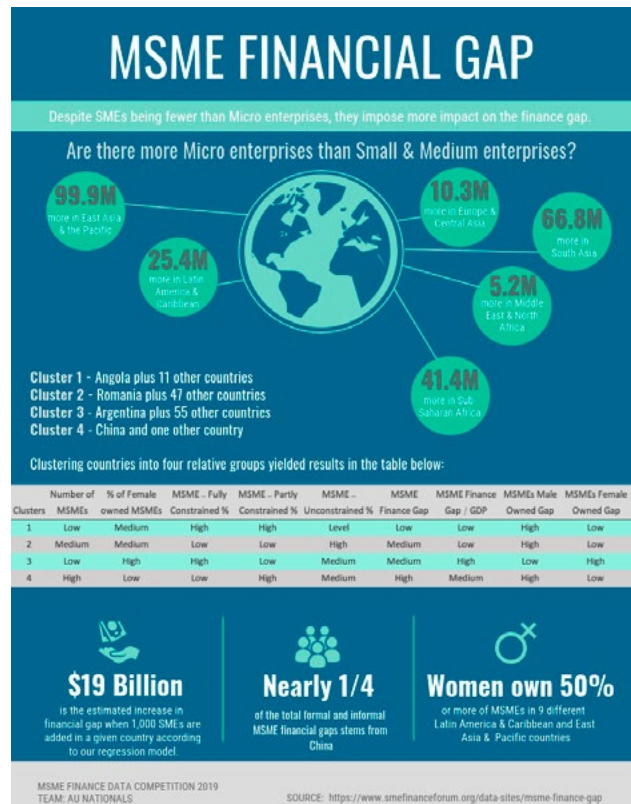
Megan Autrey, Alex Win, Matthew Gamser, Katie Chapman-Pinto

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IFC’s Sector Economics & Development Impact Department and the SME Finance Forum organized and hosted their first MSME Finance Data Competition on November 19, 2019. The goal was to provide graduate students with an opportunity to work collaboratively in learning about MSMEs, including exploring some of the challenges MSMEs encounter in today’s world. More than 85 graduate students from seven universities in the Washington, DC area were welcomed, representing American University, Catholic University, George Mason University, Georgetown University, George Washington University, and Johns Hopkins University. **Matthew Gamser** (Chief Executive Officer of the SME Finance Forum) and **Issa Faye** (Director, Sector Economics & Development Impact Department) hosted the event.

The competition had two main objectives, namely to raise awareness about the MSME-related data sets that the SME Finance Forum maintains, and to incentivize the innovative use of data to inform decision making and external communications. The Competition had three challenges, including two take-home challenges and a live challenge at the IFC Headquarters. All the challenges were completed by teams of students. For the take-home challenges, each team had one week to make their submission and the live challenge needed to be completed in 1.5 hours.

The first challenge of the competition required the teams to make use of the IFC’s MSME Finance Gap Database to create an infographic that would help turn the Excel spreadsheet into a story.



Student Competitors at MSME Finance Data Competition 2019.

The top two winning infographics were selected by the team of judges (see above and on the right). The second challenge probed further into the team’s analytical abilities. Specifically, students were asked to conduct a rigorous academic literature review of MSMEs, including issues pertaining to access and finance. They were then expected to write a research proposal about the same topic as applied to emerging economies. The final challenge took place on the day of the event, and involved the teams use of the IFC’s MSME-Economic Indicators (EI) database to develop a universal definition for MSMEs.

Participants were exposed to the realm of MSMEs and their importance to the world’s economies in terms of their contribution to gross domestic product (GDP) and the workforce, among other variables.

IFC’s Sector Economics & Development Impact Department and the SME Finance Forum have jointly undertaken the next step by focusing on the use of these massive data sets to better inform their actions and priorities vis-à-vis MSME finance and access issues.

MIND THE GENDER GAP!

UNDERSTANDING THE GENDER GAP IN MSME FINANCE
 TEAM "MIND THE GAP" - CHALLENGE I
 GEORGETOWN UNIVERSITY

KEISUKE (CASFY) ADACHI, SOUANE PELOUK, SYRIL SIMBULAN, HANGYU SONG

Only 45% of MSMEs are getting the finance they need in developing countries
 That leaves us with a finance gap amounting to

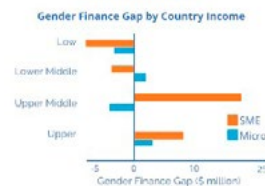


An average women-owned MSME in developing countries faces a 60% higher finance gap than a men-owned MSME

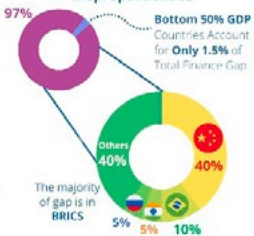


Amount of Finance Gap per Enterprise, Separated by Gender
*Calculated from Finance Gap/number of Enterprises

Largest Amount of Finance Gender Gap among SMEs in Upper Middle Income Countries



Finance Gap is Disproportionate



2019 IFC MSME Finance Data Companion - Team Mind the Gap

> Data sites

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



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 knowledge of SME finance. According to the results of the 2019 SME Finance Forum Annual Member Survey, **22 percent of respondents forged new business partnerships**, and **11 percent made or received new investments** as a result of their participation in the SME Finance Forum activities. Indeed, the SME Finance Forum facilitated **more than US\$ 30 million in investments** by its members.

The Netherlands, which was facilitated by the use of the Brella app. Over 420 participants downloaded the app and schedule of **over 900 meetings** — a record number of meetings for the event, which had a total of 650 participants.

> Discounted admission to selected SME Finance Forum partner events

The SME Finance Forum leverages its network of 25 industry partners and other marketing partners to offer its members discounted access to a selection of high-level events, such as Finovate, Lendit, Money 2020 and Finnosummit. For example, Finovate Middle East 2019 was held in Dubai, United Arab Emirates, bringing together the Middle East’s FinTech community to showcase cutting-edge banking, financial and payments technology. LendIt Fintech Europe is the continent’s leading event in financial services innovation. The 2019 event attracted 1,200+ FinTechs, banks and investors from Europe’s most influential companies to learn, network and do business. In some instances, SME Finance Forum members may also be invited to speak at these events.

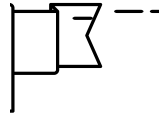
20

> B2B Marketplace

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 2019, the Forum organized the B2B Marketplace during its Global SME Finance Forum meeting in Amsterdam,



B2B Marketplace meeting in progress.



Lead

Supporting Policy Discussions and Recognizing Best Practices

> Shaping SME finance policy

As an implementing partner of the GPFI, the SME Finance Forum actively participates in and contributes to SME finance policy discussions, along with other international organizations such as the Organisation for Economic Co-operation and Development (OECD), the Alliance for Financial Inclusion (AFI), the World Economic Forum (WEF), the APEC Business Advisory Council (ABAC), as well as regulators and regional industry associations. According to the 2019 Annual Member Survey, 37 percent of respondents engaged in a productive dialogue with policy makers.

21

The SME Finance Forum continues to participate in the Asia-Pacific Financial Forum (APFF), Asia-Pacific Economic Cooperation (APEC) and its Business Advisory Council, ABAC. Together, they work to improve financial market infrastructure in the region. In addition, they continue to work on cross-border data sharing, payment system innovation, and supply chain financing.

> Bringing the private sector perspective to G20 meetings

The SME Finance Forum invited its members to a workshop to discuss the Financial Stability Board (FSB) evaluation of the effects of the G20 financial reforms on the financing of SMEs. The consultation [report](#) on this topic was published in early June 2019. The participants provided field-level, evidence-based

observations regarding the impact of the post-crisis financial reforms on SME financing (in terms of volumes, prices/spreads, maturities, collateral, types of firms, and so on). The FSB considered their feedback along with the public consultation responses when finalizing the evaluation report.

In 2019, Japan held the G20 Presidency and decided to streamline its financial inclusion work by focusing on two topics: SME finance and digital financial inclusion. The SME Finance Forum served as a key implementing partner in both areas.

> Global SME Finance Awards 2019





In 2018, the SME Finance Forum launched the Global SME Finance Awards, an annual competition recognizing financial institutions and FinTech companies for their outstanding achievements in serving MSME clients with exceptional products and services.

Endorsed by the G20 Global Partnership for Financial Inclusion (GPII), the Global SME Finance Awards provide an opportunity for institutions to showcase and share their good practices and knowledge, so that the wider SME finance community can learn from their examples.



In 2019, sixteen award winners were selected from a global pool of over 140 entrants in recognition of their laudable achievements in delivering innovative products and services to their SME clients. The winning institutions were chosen based on specific criteria for each category – but primarily for their reach, uniqueness and innovation, effectiveness and impact, and dynamism and scalability. The 2019 awards also included a new category: Women-owned SME Bank of the Year. This award recognizes the contributions of financial institutions serving women-owned SMEs.

In the following pages, here we profile some of the outstanding winners for 2019, providing some insight into what they are doing in their respective markets.



The full list of winners for 2019 is as follows:

SME Bank of the Year




Global

-  Platinum - DBS
-  Platinum - MYBank




Asia

-  Platinum - BRAC Bank
-  Gold - Kinara Capital

Africa

-  Platinum - Equity Bank
-  Gold - Business Partners
-  Silver - Caisse Centrale de Garantie Finance

Product Innovation of the Year

-  Platinum - Konfio
-  Gold - Shenzhen Qianhai Dashu Financial Service
-  Silver - Retail Capital



From left to right: Matthew Gamser, CEO, SME Finance Forum; Syed Abdul Momen, Head of SME, BRAC Bank; Selim R. F. Hussain, Managing Director, BRAC Bank; Hardika Shah, Founder & CEO, Kinara Capital; Hicham, Zanati Serghini, General Director, General de la Caisse Centrale de Garantie; Jeremy Kamau, Associate Director SME Banking, Equity Bank Kenya Limited; Quan Yu, Head of Credit Risk, Ant Financial; Peter Van Mierlo, Chief Executive Officer, FMO; Joyce Tee, Group Head of SME Banking, DBS; Jay Singer, Senior Vice President, Global SME Products, Mastercard.



Responsible Digital Innovator of the Year

-  Platinum - F-Road
-  Gold - JUMO.WORLD
-  Silver - 4G Capital

Women-owned SME Bank of the Year

-  Platinum - BRAC Bank
-  Gold - BLC Bank
-  Silver - IDLC Finance

2019 Honorable Mentions

Product Innovation

- Banking Circle Lending
- Bitbond GmbH
- BBVA
- Co-operative Bank of Kenya

- CredEx Fintech
- Dodore Kenya
- Euler Hermes, Allianz
- European Investment Fund
- Fincera Inc.
- ICICI Bank
- Medical Credit Fund
- Middle East Investment Initiative
- MYBank
- Omiexperience S/A
- F-Road
- United Nations Capital Development Fund States
- Youxin Financial

Responsible Digital Innovator

- Apollo Agriculture
- BASIX Sub-K iTransactions
- Funding Circle
- FutureLink Technologies
- Tala

Women-owned SME Bank

- Garanti BBVA
- Itaú Unibanco
- KCB Bank Group
- Kinara Capital
- Şekerbank T.A.Ş.





PROFILE OF WINNERS: MYbank

MYbank: Astonishing Numbers and Success in Lending to SMEs

Innovation, a dedicated focus on small and medium enterprises (SMEs), and some impressive SME lending numbers. That's what clinched the 2019 Global SME Bank of the Year for Singapore's DBS and China's MYbank. As the SME Finance Forum has featured DBS before, here we profile MYbank.



From left to right: Matthew Gamser, CEO, SME Finance Forum; Quan Yu, Head of Credit Risk, Ant Financial; Joyce Tee, Group Head of SME Banking, DBS; Peter Van Mierlo, Chief Executive Officer, FMO; Jay Singer, Senior Vice President, Global SME Products, Mastercard.

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MYbank is a story of astonishing numbers, and a quiet revolution in lending to SMEs in China.

Chinese entrepreneur Jack Ma's MYbank has built on the huge success of e-commerce platform Alibaba, and Ant Financial's payments and consumer loans business to tackle the credit gap in Asia's largest economy. Using real-time payments data and risk management systems that analyze more than 3,000 variables, MYbank is changing the way China lends to small businesses.



PROFILES OF WINNERS: MYbank (continued)

MYbank was established in June 2015, the first bank in China on the cloud with no physical branches, and focused entirely on serving micro, small and medium enterprises (MSMEs).¹ As of June 2019, MYbank had lent 2 trillion yuan (US\$290 billion) to nearly 16 million small companies in China. The default rate so far: just 1.3 percent.²

Borrowers apply for a loan with just a few taps on their smartphones and receive cash almost instantly if approved. And that produces another impressive number: 3-1-0.

It takes only 3 minutes to apply for a business loan, less than 1 second to be approved – and involves zero human intervention.

25

What is behind these numbers is a systematic and strategic focus on lending to SMEs. MSMEs have long formed the bulk of businesses in China. But lending has lagged, and financing costs for small businesses have been sky high.

MYbank's target market encompasses all of the MSMEs that operate within the Alibaba ecosystem. They began serving the e-commerce businesses for Alibaba.com, Taobao and T-Mall, as well as a product called the "Enriching Farmer Loan" for rural business owners that has provided loans to 1.3 million businesses.³

In 2017, MYbank added a product called "Sell More, Borrow More" that provides loans to more than 50 million offline, quick response (QR) code merchants.

1 MYBank considers a small business to be one that is registered and borrowing less than 5 million Yuan; all individual-owned businesses with no registration but operating in the Ali-ecosystem are considered microenterprises.

2 MYBank is currently having to waive fees and interest for merchants who have been impacted by the coronavirus outbreak.

3 As well as smartphone payments, registered profiles, and e-commerce transactions, MYBank uses additional data sources from local government and insurance companies—such as the size of land the farmer owns, type of crops—to analyze risk for agricultural borrowers.

This unique product has become a market-leader, offering timely loans to underserved MSMEs based on their sales and credit records. All MYbank customers have both lending and savings products.

Big Data, More Loans

China is a world leader in the use of big data and artificial intelligence (AI) technology. And while Alibaba and Ant Financial sit at the center of this data technology revolution, MYbank is applying big data and advanced AI to keep the risks in check and open the market to SME lending.

MYbank has developed more than 100,000 risk metrics, 3,000 credit policies, and 100 credit risk models for SMEs. The result is a loan approval rate that is four times higher than for traditional lenders, who typically reject 80 percent of small business loan requests and take at least 30 days to process applications.

The average loan amount for MYbank is 34,000 yuan (US\$4,850). Some 8.66 percent of SME loan applications for MYbank happen between 11 pm and 4 am, when traditional banks in China are closed for business – showing that busy entrepreneurs value anytime access.

In just four years, MYbank has gained a market share of close to half of all SMEs in China. And 78 percent of customers secured their first-ever business loan from MYbank. Female SME owners account for 40 percent of customers served by MYbank.

Xialong Jin, Chief Executive Officer (CEO) of MYbank, says the vision is for the owner of a mom and pop shop to enjoy the same financial services as the president of a big bank:

"Our strengths in digital technologies and synergy with the Alibaba ecosystem position us well to offer equal opportunities to the underserved SME market, and that is how we have become a market leader in SME finance in just four years."



PROFILES OF WINNERS: MYbank (continued)

The goal is to provide financing to more than 30 million MSMEs by the year 2021.

Low Cost

MYbank leverages Ant Financial's AI, computing and risk management technologies to improve customer service, increase efficiency, and reduce costs.

Just compare the operating costs. For a traditional bank, it costs an average of 2000 yuan (US\$294) per loan. For MYbank, the average loan costs 2.3 yuan (US\$0.34), of which 2 yuan (US\$0.30) is for information technology (IT) costs. Borrowers pay an average annualized interest rate of 14 percent on business loans.

In 2018, MYbank's return on equity (ROE) was 13.4 percent, slightly above the average return for China's listed banks (13.1 percent). Its net profit was 670 million yuan (US\$96 million), with a return on assets (ROA) of 0.8 percent.

Demonstration Effect

MYbank's innovations and success in the SME market are having a strong demonstration effect. Other

lenders in China are also boosting their SME lending. Construction Bank has significantly increased its small business lending, and Tencent Holdings and Ping An Insurance Group now offer services similar to those of MYbank.

The customer experience with the 3-1-0 model has been emulated in other countries, such as by Easypaisa, a FinTech payment company in Pakistan. MYbank recently offered its first microenterprise loan in Thailand and it is exploring other Asian markets.

SME Finance Forum CEO, Matthew Gamser, believes that the winners of the 2019 SME Global Bank of the Year, MYbank and DBS, will have a demonstration effect globally:

"Technology, innovation, and a laser-focus on serving small businesses is paying off for those who really offer what SMEs need. MYbank is using data science and mobile connectivity to redefine lending. We hope others will learn from their success."





PROFILE OF WINNERS: F-ROAD

F-ROAD: Reaching Well Beyond the Highways of China

F-Road is the Platinum winner in the Responsible Digital Innovator category of the 2019 SME Finance Awards. F-Road, and its selected partner banks, are the first in China to commit to the Responsible Finance Forum's Guidelines for Responsible Investing in Digital Financial Services.



From left to right: Matthew Gamser, CEO, SME Finance Forum; Paulo de Bolle, Global Industry Head, FIG, IFC; Li Muyun, Vice-Chairman and Chief Manager of Administration Center, Head of Charity Funding Committee, F-Road; Jay Singer, Senior Vice President, Global SME Products, Mastercard.

F-Road is the Platinum winner in the Responsible Digital Innovator category of the 2019 Global SME Finance Awards. F-Road, and its selected partner banks, are the first in China to commit to the Responsible Finance Forum's Guidelines for Responsible Investing in Digital Financial Services.

Founded in 2008, F-Road pioneered the use of subscriber identification module (SIM) overlay

technology for financial services. Today the Shanghai-based FinTech continues to innovate with products for regional banks and cooperatives that make the customer experience seamless for people living in remote areas of China.

F-Road's latest technology innovation, SIM electronic identification (eID), syncs with an encrypted short message service (SMS) or app to offer mobile banking,



PROFILE OF WINNERS: F-ROAD (continued)

security authentication for mobile payments, online identification (ID) recognition and verification, and e-signature. The beauty of the SIM overlay technology is that it works across all telecommunications operators, and almost all mobile phones in the market.

Before SIM Overlay

Consider the scenario ten years ago in China. Most people had access to a bank account, largely driven by government insistence that government transfer payments and subsidies be channeled through bank accounts. But many of those accounts were inactive. Their main use was to withdraw cash, and for those living in rural areas, that meant costly travel to bank branches or automated teller machines (ATMs) in distant cities and towns.

SIM Overlay 1.0

SIM overlay technology was originally developed fifteen years ago in China to support multi-operator access, at a time when smart phones were not widely used. The SIM overlay consists of a paper-thin plastic sheet with an embedded chip that can be attached to the top of any SIM card.

F-Road's application of the technology allowed partner banks to offer simple mobile banking solutions to their clients anywhere — regardless of the SIM they carry. Customers living in rural China gained instant access to bank transfers, bill management, payments, and customer information. Crucially, it offered a successful commercial case for banks seeking to reach rural customers.

Through their partner banks, F-Road provides a mobile banking service for millions of people living in extremely remote areas of China.

Working with small and medium banks — including city commercial banks, rural commercial banks and rural credit cooperatives — F-Road has been able to

reach millions of people in rural areas. For example, rural credit cooperatives serve hundreds of millions of rural users and tens of millions of SMEs and businesses throughout China. And the solution works for anyone with a phone.

SIM Overlay 2.0

The next generation of F-Road innovation came in 2017, with SIM eID, a security chip combined with electronic identification and a financial digital certificate that is compatible with all mobile phones, operating systems, and telecommunications operators. At the same time, F-Road built an ID authentication SaaS (Software as a Service) platform based on eID, creating a way for F-Road, the government, banks, and insurance companies to authenticate IDs and exchange data securely.

F-Road's SIM eID widened its offering to MSMEs from simple transactions to a comprehensive set of financial and e-government services. Now customers can apply for loans securely, conduct large fund transfers, and secure payments across multiple platforms, such as mobile and online banking.

It has made the delivery of government services to people living in rural China more efficient since the government now has a safer, easier way to do ID authentication. As a result, millions of people living in rural areas have easy access to hundreds of provincial, municipal and town-level government services, such as paying into pensions, making housing payments, obtaining tax reports, making metro and bus payments, as well as applying for and receiving government subsidies.

Banks issue the SIM eID, which provides their clients with a safe environment for transferring larger amounts of money through their phones. Through ID authentication, banks also gain access to government data that they can use in their credit risk



PROFILE OF WINNERS: F-ROAD (continued)

assessment for online loan applications (with the consent of the loan applicant).

F-Road works with 19 provincial credit unions and 48 city commercial banks, covering more than 1,400 banks and over 60,000 branches in 27 provinces, including small cities and remote, rural mountain areas. Rural customers in particular have been adopting the new integrated service offering at a dramatic rate. F-Road now has over 25 million users.

Larger banks, including the Industrial and Commercial Bank of China (ICBC), are also now using SIM eID for electronic Know Your Customer (eKYC) procedures so that they can offer their financial services to a wider range of customers. In addition, Huawei, Mi, Oppo, and Vivo all recently added the e-ID to their mobile phone chips.

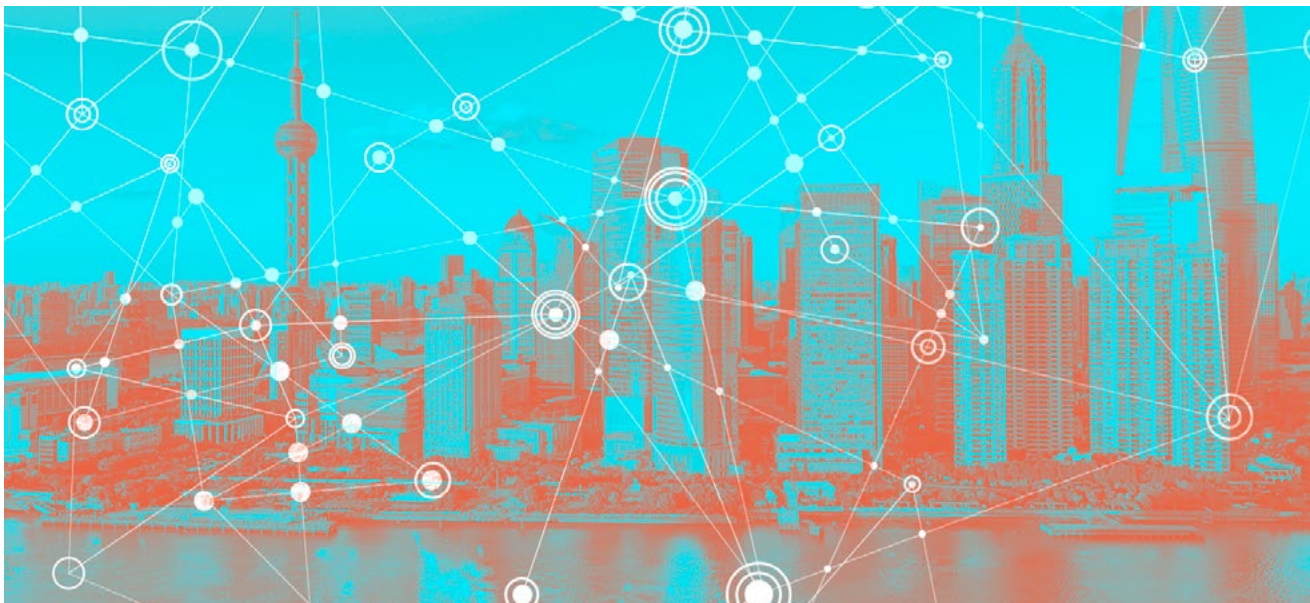
"What's so powerful about this solution is that it offers banks a way to reach rural populations that makes business sense. When you then add on the government services, you have a very interesting offering. I hope that this award will highlight this innovation, and that others will look into it as a possible solution for reaching their rural populations securely, and in a way that is also good for their business."

F-Road has ambitious expansion plans, and is looking to make inroads into a whole range of industries – from transport, to education, healthcare, and travel. They aim to reach 70 million users by 2022.

"We think this has much more potential in China, but also a lot of potential in other countries where there are large rural populations," says Holtmann.

Demonstration Effect

Martin Holtmann, Manager for Global Industry, Financial Markets, Financial Inclusion at the Financial Institutions Group (FIG) of IFC, says:





PROFILE OF WINNERS: BRAC Bank

BRAC Bank—Women-owned SMEs, A Profitable Social Venture

BRAC Bank won the 2019 “Women-owned SME Bank of the Year”, and the “SME Bank of the Year for Asia”. Here we focus on their work with women-owned SMEs.



From left to right: Matthew Gamser, CEO, SME Finance Forum; Jay Singer, Senior Vice President, Global SME Products, Mastercard; Peter Van Mierlo, Chief Executive Officer, FMO; Syed Abdul Momen, Head of SME, BRAC Bank; Selim R. F. Hussain, Managing Director, BRAC Bank.

BRAC Bank is a case study in how a strategic focus on women-owned SMEs can add value and contribute to a bank’s bottom-line.

Although MSMEs contribute roughly one-quarter of Bangladesh’s GDP, banks were not interested in lending to them. That is, until BRAC Bank—created in 2001 by its parent non-governmental organization (NGO), BRAC—made providing small loans to small businesses, its business.

Currently, more than 45 percent of BRAC Bank’s lending portfolio is comprised of SME loans. BRAC Bank uses an extensive network of 187 branches and 456 offices to reach customers, and three-quarters of BRAC Bank’s small business loans are underwritten in rural areas. It is also the largest financier of collateral-free loans in Bangladesh, offering more than half of all the collateral-free loans in the country.

SME lending is the Bank’s most profitable division,



PROFILE OF WINNERS: BRAC Bank (Continued)

contributing two-thirds to its profits of US\$66.7 million in 2018. Since 2001, BRAC Bank has disbursed loans to more than 650,000 MSMEs totaling US\$5 billion.¹

Where are the women?

Given this focus, it's not surprising that BRAC Bank has always seen lending to women-owned MSMEs as a high priority.

Women in Bangladesh make up about one-third of the labor force, a significantly higher proportion than in other South Asian countries. And with other banks failing to meet the need, there was a clear market opportunity for BRAC Bank.

Yet where were the women-owned businesses in BRAC Bank's lending portfolio? In 2006, women-owned businesses received only about 1 percent of the total outstanding SME loans. For a bank that is dedicated to developing MSMEs, the absence of women-owned businesses was a problem in search of a solution.

In 2009, BRAC Bank created two specialized operational departments for women-owned businesses focused on entrepreneurship development and manufacturing. However, the data continued to show that women-owned business loans were still a tiny proportion of the bank's commercial loans and that the average loan size for women entrepreneurs was significantly smaller than for male entrepreneurs.

So what would it take to bring in the women-owned businesses and make them a core part of the Bank's lending portfolio?

A Strategic Focus on Women-owned MSMEs

BRAC Bank's strategic approach to women's lending started in 2017, when it received a US\$50 million IFC-Goldman Sachs Foundation loan to increase its

financing to women-owned SMEs. The 5-year loan had a 3-year grace period for principal repayment, with quarterly principal repayments starting from the 4th year. A 1 percent performance rebate was also included.²

BRAC Bank revamped its focus on women-owned enterprises, and launched TARA, an umbrella brand for all its women's banking products, including financing for business expansion, fixed asset purchase, working capital, and trade business.

TARA banking offers a comprehensive set of loan and deposit products, with interest rates on loans of 9 percent, no processing fees and collateral-free loans of up to US\$120,000. It also includes business training, business documentation support services, networking, and discounts from restaurants, health, beauty, and other partners.

TARA is a 360-degree proposition for women customers: *"We designed it by analyzing our existing women's banking portfolio so we could offer comprehensive services across life stages and family needs,"* says Shajed Al Haque, Senior Manager for Business Transformation at BRAC Bank.

TARA loans are offered at a lower rate than conventional SME loans because BRAC Bank qualified for the 1 percent rebate under the terms of their loan with IFC. As a result of the rebate and the favorable terms of the IFC loan, TARA became profitable for the Bank in its first year.

Growth and Results

In the first two years, TARA banking attracted nearly 3,000 women-owned SME business customers, and more than 200,000 retail deposit customers. Between 2017 and 2020, loans to women-owned SMEs increased by 35 percent.

² More than 30 percent of the total gap in access to financial services globally is attributed to female-owned firms. Goldman Sachs research shows that closing the credit gap for women-owned SMEs in emerging markets could push annual incomes an average of 12 percent higher by the year 2030.

¹ The average loan size for SMEs is US\$8,000-US\$10,000. Microloans start around US\$3,500.



PROFILE OF WINNERS: BRAC Bank (Continued)

Since the launch of TARA, women are borrowing more. The average loan size in 2019 was US\$17,647 — about 15 percent more than the SME loans disbursed to men entrepreneurs. And women are proving to be a good risk. Non-performing loans (NPLs) for women-owned SMEs are lower than for men. As of the end of fiscal year 2018, women-owned SMEs had a NPL rate of 0.8 percent, as compared to a rate of over 2.5 percent for men-owned SMEs.

Retail loans have also grown since the launch of TARA banking. The TARA mobile banking app was launched in March 2019, and it is proving to be a popular way for women to do their banking.

Nonetheless, there is still a long way to go. In 2019, two years after the launch of TARA, women still only represented 3 percent of BRAC Bank's commercial loans.

Building Trust

BRAC Bank rolled out extensive employee training to improve interactions with its women customers. The onboarding process for women customers can be different than for men:

"Women often need more convincing, so we need to build trust, and that takes time. We've also learned that we need to build some flexibility into the process because women have less documentation," says Haque.

Loan officers are trained to help women to document their financial history.

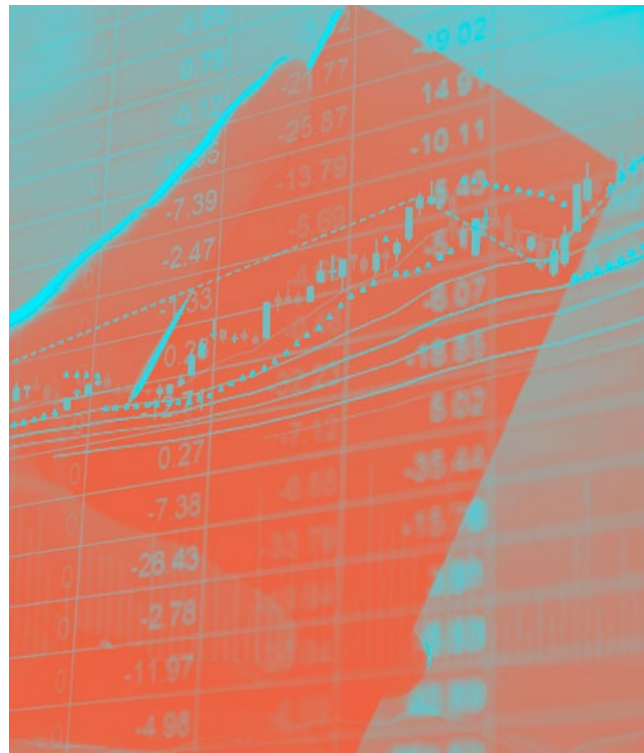
Demonstration Effect

"If you walk into another bank in Bangladesh, you will find women's products," says Mehruba Reza, Senior Product Manager for Retail Banking at BRAC Bank. *"But at BRAC Bank, women get a holistic experience that meets their needs from youth to old age, and*

staff who understand their needs. TARA banking differentiates BRAC Bank from the competition and builds loyalty."

It is a matter of pride that other banks in Bangladesh are beginning to follow BRAC Bank's lead.

"BRAC Bank was the first bank to launch a 360-degree proposition for women. Now seven or eight other banks in Bangladesh are planning to offer a comprehensive proposition for women. We feel we have been able to create an example for other banks in the country to extend services to women," says Reza.





PROFILE OF WINNERS: Equity Bank

Equity Bank: Serving MSMEs is in their DNA

An integrated and holistic offering for MSMEs in East Africa is what won Equity Bank the 2019 Africa SME Bank of the Year.



From left to right: Matt Gamser, CEO, SME Finance Forum; Jeremy Kamau, Associate Director SME Banking, Equity Bank Kenya Limited; Peter Van Mierlo, Chief Executive Officer, FMO; Jay Singer, Senior Vice President, Global SME Products, Mastercard.

Equity Bank sees itself as a champion for achieving socioeconomic prosperity for the people of Africa. They “get” their SME customers’ struggles with a lack of access to capital and markets, and a lack of business management skills, because 35 years’ ago they were in the same position.

Equity began as a building society in 1984 and has since gone through every stage of the business

growth cycle. Equity transitioned into a commercial bank in 2004. Today, it is the largest bank in East Africa by number of customers, with 14.5 million customers, and it is home to over half of all bank account holders in Kenya.

For the first 20 years of Equity’s existence, it only served micro-entrepreneurs, smallholder farmers and small businesses. Larger SMEs and enterprises



PROFILE OF WINNERS: Equity Bank (Continued)

were added as the Bank grew. But SME banking remains the core of its business. Serving MSMEs is in the Bank's DNA.

Today 60 percent of Equity Bank's business is with MSMEs. Their offerings for small business growth are holistic, tracking the challenges that MSMEs face in each stage of their growth.

"What's impressive about Equity Bank and their SME portfolio," says Matthew Gamser, CEO of the SME Finance Forum, "is just how in tune they are with the SMEs in their market. They offer a range of products for each stage of a business' development. And through Equity Group, they are able to offer relevant banking products and the business training that MSMEs need."

MSMEs: Profitability and Impact

As of end-December 2018, Equity was the leading bank in Kenya in terms of market capitalization, with a market cap of US\$ 1.3 billion. SME banking contributed about 60 percent to the Bank's total profits.

Over 600,000 micro, and 45,000 small and medium enterprises in Kenya are supported by Equity Bank's network of over 180 branches and 40,317 agents. Equity has 25 percent of market share in terms of the number of MSMEs, 12 percent of market share in terms of assets, and 12.4 percent of market share in terms of liabilities.

It is both a profitable strategy for the Bank and it is having a positive impact on job creation in Kenya — critical in an economy facing unemployment rates of 36 percent.

Micro, small and medium enterprises make up 47 percent of Kenya's GDP. And it is a relatively resilient

sector, says Jeremy Kamau, Associate Director of SME Banking at Equity Bank:

"With SMEs you can create a lot of impact. They create the bulk of employment in the country, and they are especially important in providing opportunities for young people."

Indeed, Equity Bank, working in partnership with the Government of Kenya and the Mastercard Foundation, has started a Young Works Program that will offer affordable loans to 600,000 entrepreneurs so that they can in turn create jobs for young Kenyans.

Integrated Products

Equity Bank offers a full range of products for MSMEs, including transaction accounts, credit facilities, trade finance, treasury products, payments, and transfers.

It also offers a popular unsecured supply chain financing product for MSMEs with a focus on agriculture, manufacturing, and healthcare. And it provides a no-fee mobile payment solution.

Going Digital

Equity Bank invests heavily in digital channels for SMEs. Some 96 percent of the Bank's transactions occur on digital channels. Micro-loans are digitized on a mobile platform, which takes only 30 seconds to process from application to disbursement. SMEs can do all their banking services online. They can also use a mobile banking app, which offers access to a full range of finance and treasury instruments.

Finance Plus

Equity Bank offers women entrepreneurs a series of services called *Fanikisha*, which includes business training, advisory services, loans, and insurance products promoting growth from micro to small, and small- to medium-sized businesses.



PROFILE OF WINNERS: Equity Bank (Continued)

Equity Bank also partners with the Equity Group Foundation to offer non-financial services to MSMEs. The Equity Group Foundation has provided financial literacy training to 1.7 million micro-entrepreneurs, and business skills training to more than 45,000 SMEs. The Bank has also trained 638,000 subsistence farmers, helping them to grow into formal agribusinesses or small-scale commercial farming enterprises.

More recently, the Equity Group Foundation has added digitalization to its training to help micro and small businesses go digital.

Demonstration Effect

There are three key elements to Equity's success in working with SMEs, according to Kamau. First, Equity does not offer a single product for SMEs. Rather, it offers

a wide range of products, including business development. Second, it understands the trading environment of SME businesses, and invests in relationship management. Third, says Kamau, "*Technology is key.*"

The demand for Equity's SME banking products and business development services in Kenya is evident. In recent years, it has also expanded into other East African markets, including the Democratic Republic of Congo, Rwanda, South Sudan, Tanzania, and Uganda. It is all part of its quest to become the preferred bank for SMEs in Africa, and ultimately to help create socioeconomic prosperity across the continent.



Budget

The annual operating cost of the SME Finance Forum amounted to US\$ **2.2 million** for the year 2019, roughly distributed as follows:

SME FINANCE FORUM OPERATING COSTS (US\$)	
<ul style="list-style-type: none"> › Webinars › Immersion Visits and Study Visits › Global Annual Conference › Community of Practices › Research and Analytics 	1,100,000
<ul style="list-style-type: none"> › Databases and Websites › G20/GPFI Support 	650,000
<ul style="list-style-type: none"> › Consultant and Contractual Services 	470,000
TOTAL	2,220,000

36

The goal is to keep the operating costs low, while expanding revenues from membership fees and sponsorships to cover costs.

In 2019, the SME Finance Forum generated **US\$1,464,790** in membership dues and event-related revenues, such as sponsorships and ticket sales. Currently, around **66 percent** of the SME Finance Forum budget is covered by membership fees and event-related revenues.

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:



Meet the Team



Matthew Gamser
CEO



Jessica Alfaro
Financial Sector Specialist



Carina Carrasco
Web and Social Media Editor



Marie-Sarah Chataing
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Gillette Conner
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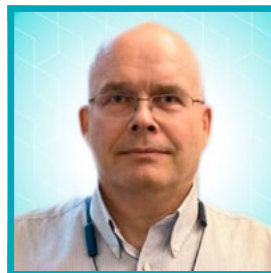
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