



**Asia-Pacific
Economic Cooperation**

2014/ISOM/SYM/013

Session: 5

SME Finance and Inclusive Growth

Submitted by: International Finance Corporation



APEC
PHILIPPINES
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**Symposium on APEC 2015 Priorities
Manila, Philippines
8 December 2014**



SME
Finance Forum


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SME Finance and Inclusive Growth

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CEO, SME Finance Forum
International Finance Corporation


APEC
Legaspi, December 2014



The SME Finance Forum



- Initiated by the G20 countries/managed by IFC
- Unique global effort in knowledge sharing on SME finance and best practice/case studies
- Website for news, events, publications, tools
 - [LinkedIn](#): 3200+ members and 1100+ active discussions
 - [Twitter](#): 1200+ followers
 - [Women's Finance Hub](#)
 - [IFC Enterprise Finance Gap](#) data (and more)
- Networking and peer learning: global and regional events




learning-events


workshops

joint-research

peer-to-peer-connections

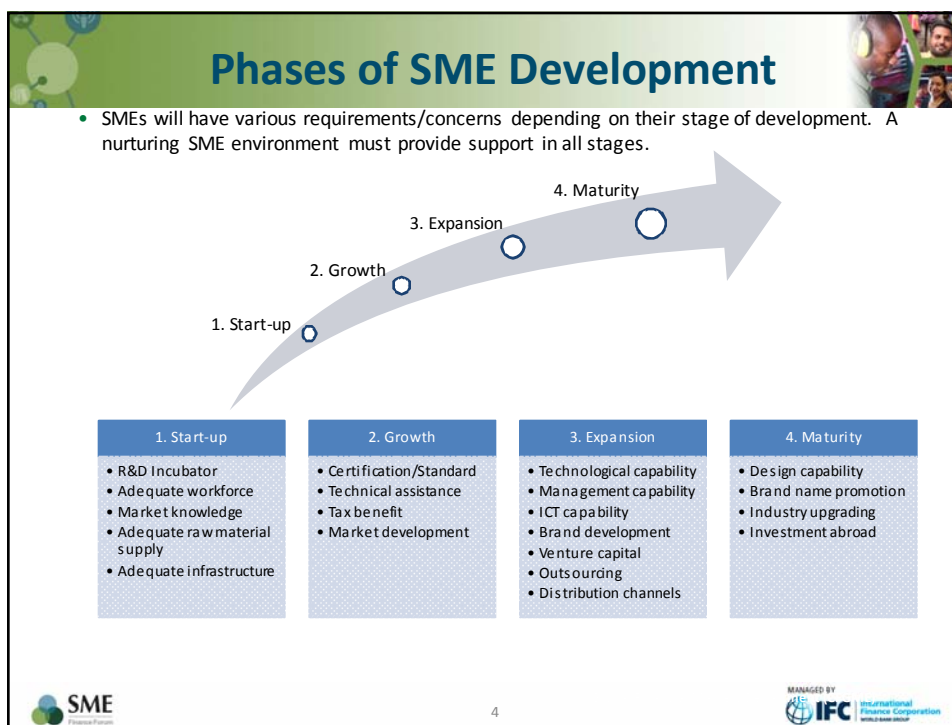
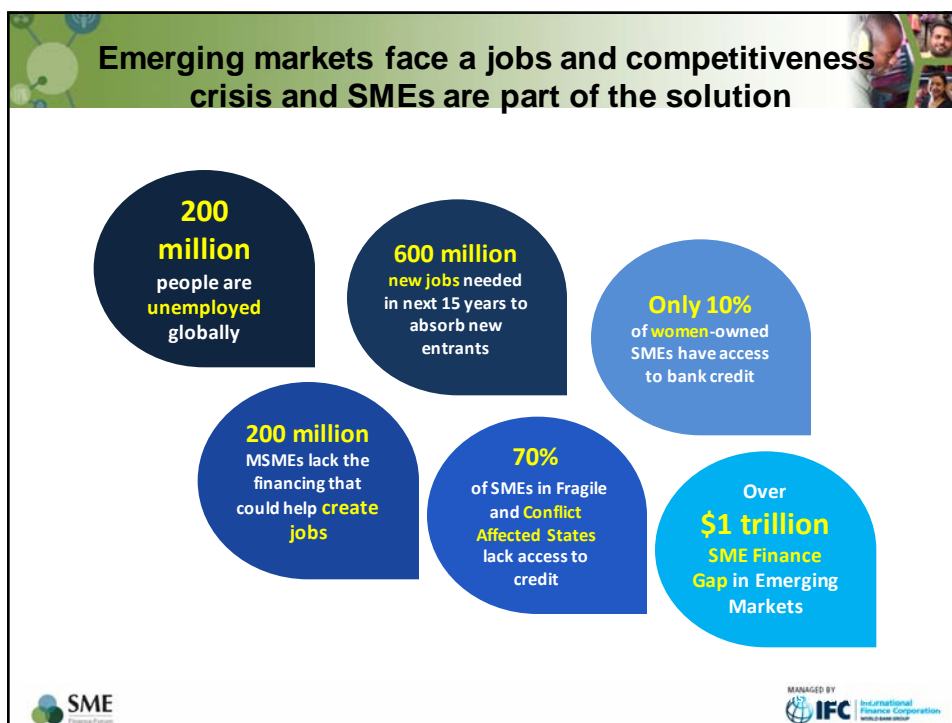
data-sharing

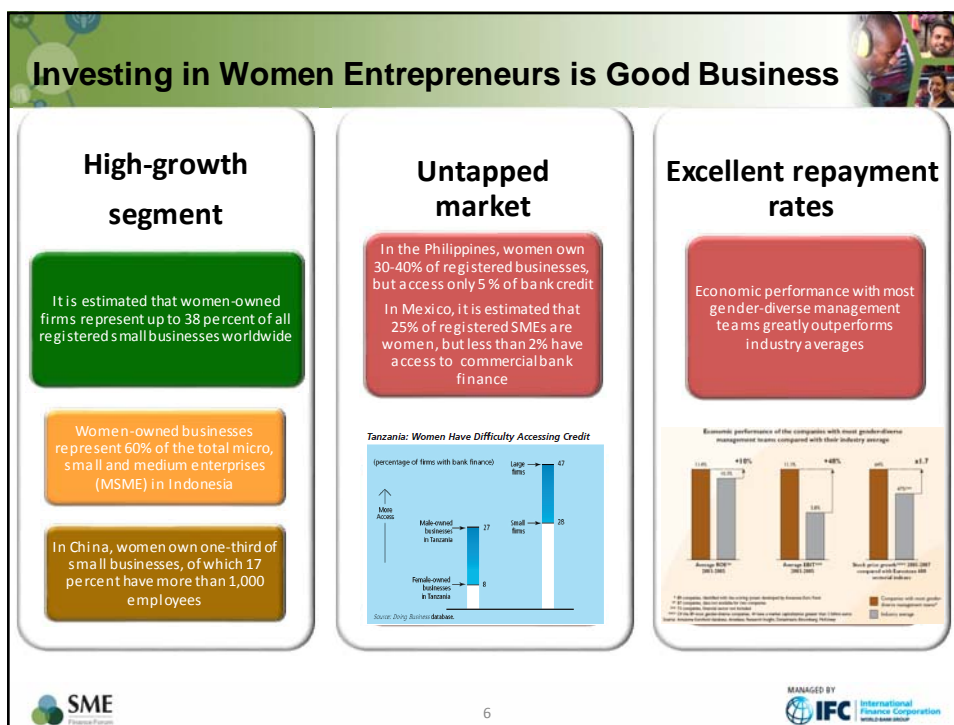
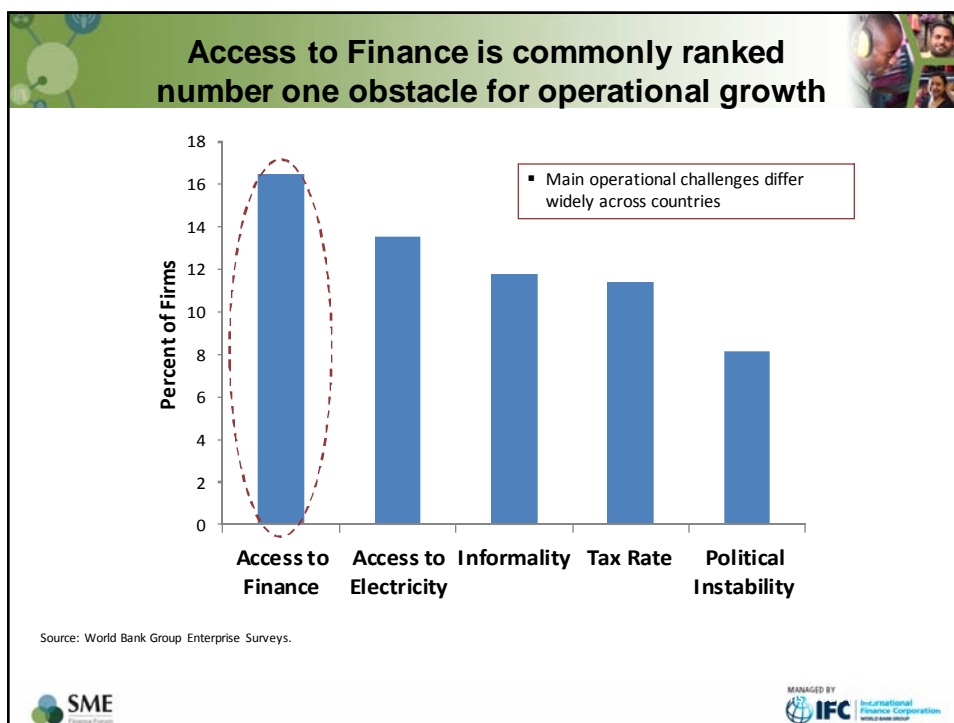


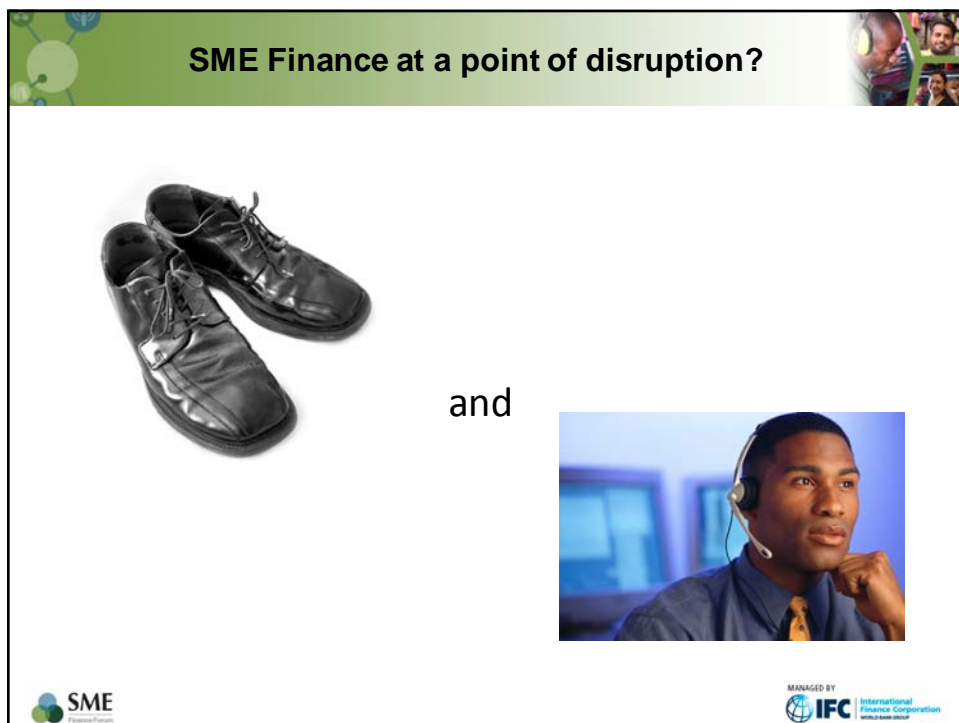
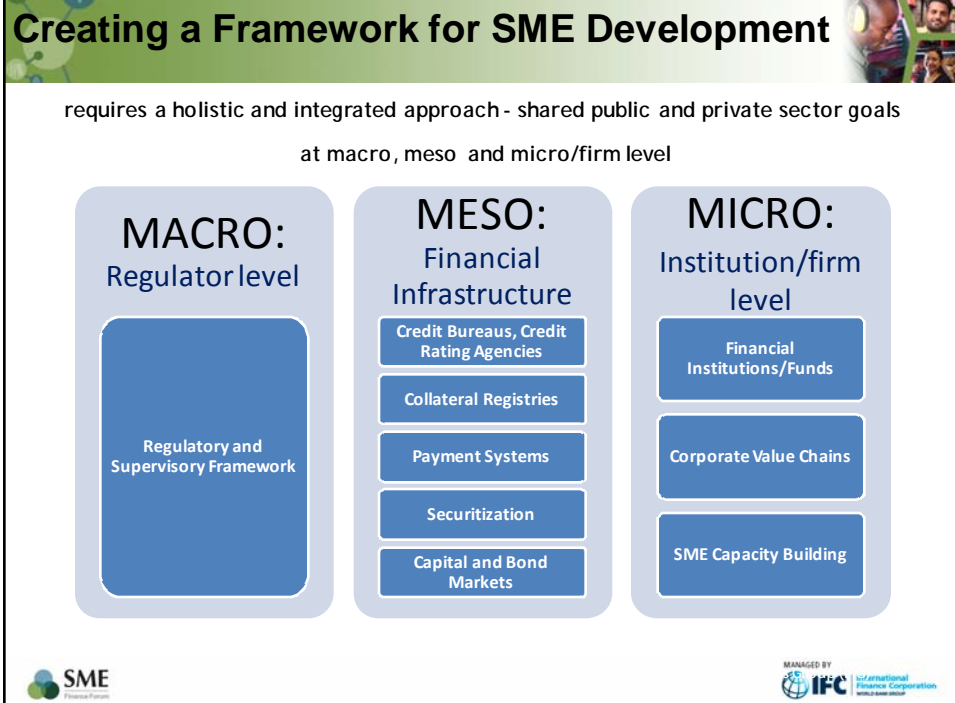


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Big data: what's different today?

More digital data, more diverse data, and more real-time data means more data can be predictive data, *provided you can find it and use it*

New data sources, plummeting transaction costs



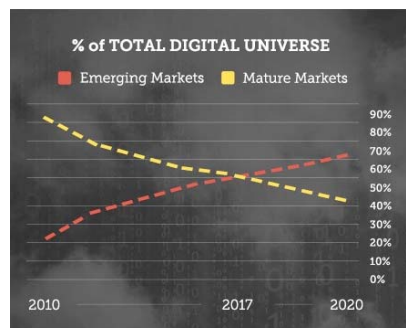
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How much data and where?

The digital universe is more than doubling every two years; emerging markets will surpass mature markets by 2017....

...only 1% of this data has been analyzed

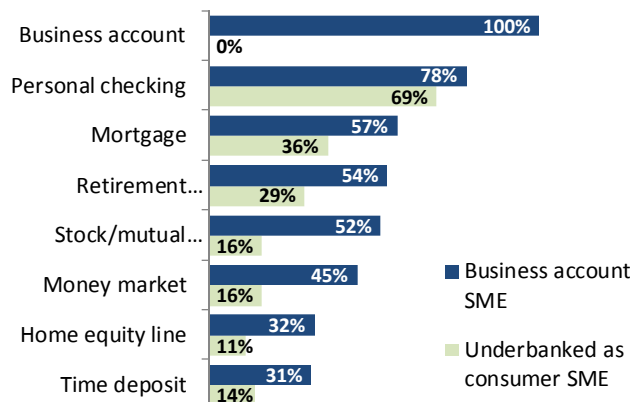


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Big data: finding MSMEs hiding in consumer products

Cross-sell is the holy grail of successful SME bankers; MSMEs with business products buy more products than firms that use consumer products only



13% to 25% of consumer portfolios are MSMEs*

They are easy to identify because their behavior gives them away

Source: Javelin Strategy and Research 2009

* For more information, see Javelin Strategy & Research (2009) "Underbanked Business Banking Segmentation."

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Alternative online lenders¹ shaking up MSME credit

They have convenience, cost, speed, and new data competitive advantages over bank lenders; they can "out-FICO" FICO!²

P2B lenders



"Best fit" MSME-lender matching



Online direct lenders



1. IFC Incubator provides a wide variety of global equity and reward crowd funders
2. Fair Isaac Corporation, global leader in credit scoring and analytic models and pooled consumer/small business scores
3. Credit bureau data used in a wide variety of industries selected developed and developing countries

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Rethinking MSME payments and credit

Failure to commit to MSMEs and innovation makes banks vulnerable to a new breed of digital competitors all along the credit and payments value chains

Online supply chain finance



Invoice financing



M-POS acceptance/value add



Analytic firms aiming to revolutionize credit models, drive growth

Mobile micro-lenders will graduate to SMEs



Big data: addressing MSME financial services needs

Banks must provide needs-based solutions based on the SME sub-segment they are targeting



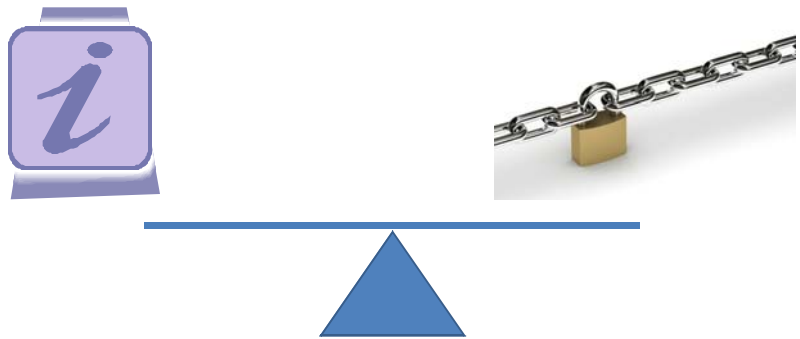
Recurring Themes of Customer Needs





Source: Kevin Burke BCSG EFMA conference presentation Milan (April 3, 2014) "Do It For Me: Helping Small Businesses Run their Business (better)"




Implications for Policymakers




INFORMATION/PRIVACY BALANCE



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and Development

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