INVEST
The Process for Unleashing SME Banking

Knowledge Product for Banks

November 2025

argidius GFA GROWTH FIRMS ALLIANCE Dalberg CONSUMERCENTRIX GSG IMPACT

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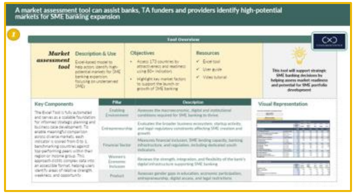
INVEST comprises a set of knowledge products and tools to support banks and their supporters through the process of understanding SME markets and developing profitable value propositions

	Executive summary	Knowledge product	Toolkit	Toolkit guide
	*A **high-level summary** designed to quickly convey the purpose of the Toolkit and the INVEST process*	*Document that provides the **rationale for the Toolkit** by highlighting the SME banking gap and introducing INVEST as an effective approach to address it*	*An open and public **digital platform** that provides both TA funders and banks with a suite tools to support them through INVEST Process to unleash SME banking.*	*An **overview guide** that introduces the INVEST Toolkit and offers an overview of its contents through descriptive one-pagers for each tool*
Banks		Current piece 		
TA Funders and Providers	*Find the TA funder and TA provider version here.*	*Find the TA funder and TA provider version here.*		*Find the TA funder and TA provider version here.*

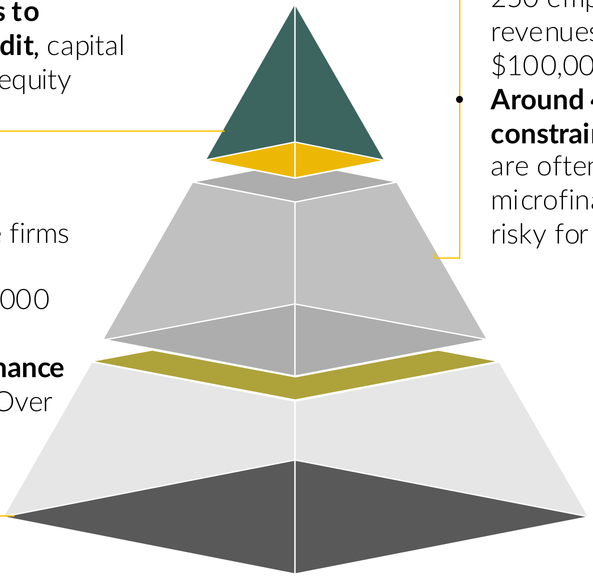
Content

The opportunity:
SME banking can be a high-return opportunity for banks that adapt

Commercial banks can unlock $5.7 trillion by targeting underserved SMEs

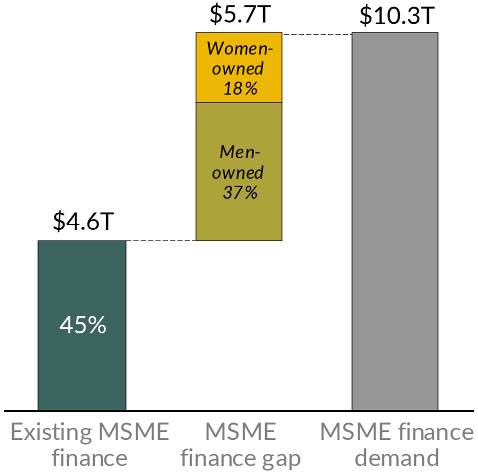
- **Large enterprises** are firms with 250+ employees, usually earning more than $15 million annually
- **They have full access to commercial bank credit**, capital markets, and private equity

- **Microenterprises** are firms with <10 employees, typically under $100,000 in annual revenue
- **They rely on microfinance or informal lenders.** Over 60% have sufficient financing.



- **"The missing middle" SMEs** are firms with 10–250 employees and revenues between $100,000–$15 million
- **Around 44% are credit-constrained** since they are often too large for microfinance but too risky for banks

$5.7 trillion
Annual financing gap for formal MSMEs in emerging economies



The largest gaps are in Latin America, Sub-Saharan Africa, and East Asia & Pacific

SME definition: The INVEST Toolkit focuses on formal SMEs, aligning with IFC's SME definition (10–250 employees and annual revenues between $100,000–$15 million). Organizations are encouraged to adapt it as needed to align with their internal SME definitions and country context.

Sources: IFC. (2025). MSME Finance Gap

Banks that invest in SME finance can realize strong financial and social returns

Business case

Stable repayment behavior: With proper segmentation and business support**, SMEs repay as reliably as other segments.** For instance, only 1.5% of Kenya Commercial Bank's loans for the SME segment were non-performing, partly due to the bank's relationship management model.

Healthy margins: SMEs often pay higher interest rates than large corporates and generate **~$850 billion in annual revenue** for banks, a figure growing 7% annually. They also offer strong cross-sell potential. ACBA Bank **averages four products per SME client**, especially when credit is bundled with training or advisory. At KCB, SMEs are the **second most profitable segment.**

Loyalty: SMEs often become **long-term customers** when offered tailored products and non-financial support. For instance, KCB saw a **net promoter score of +43** in its SME segments, a figure close to the top performing traditional segments.

Impact case

Economic growth: When SMEs grow, they increase employment and economic opportunities. In LMICs, high-growth SMEs can contribute up to 40% of the GDP. These firms, which represent 15% of SMEs, are also responsible for over 50% of new job creation.

Gender outcomes: Strengthening SMEs is a key lever for gender equality. **Women own ~37% of formal SMEs** and represent **~40% of their workforce**. Expanding access to finance for WSMEs fuels broader impact, as **women reinvest up to 90% of their income** into education, health, and community well-being.

Inclusion: Because SMEs are more geographically dispersed than large firms and more likely to operate outside capital cities, they play a critical role in extending economic opportunity and jobs to secondary towns and underserved regions.

Scale potential: The SME market presents a **strong whitespace opportunity** for banks to scale their business lending portfolio and volumes. For example, KCB's **SME portfolio grew from $4 million in 2017 to $1.1 billion in 2025, with a $2 billion commitment by 2027,** showcasing that banks can mobilize significant amounts of capital.

Sources: McKinsey. (2019). Beyond banking: How banks can use ecosystems to win in the SME market;. IFC. (2021). Small Business, Big Growth. IGC. (2024). Why do SMEs Matter; Harvard Center for International Development. (2024). Why Investing in Women Benefits us All; IFC. (2020). Non-Financial Services - The Key to Unlocking the Growth Potential of Women-led SMEs for Banks. Omidyar Network. (2020). The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs

However, banks struggle to grow SME portfolios because their models are not tailored to SME needs

Overview of existing challenges

Lack of understanding of the heterogeneous market

The SME market includes **a wide range of firms**—based on size, maturity, and industry—**with very different needs and risk profiles**

> *"**SMEs are diverse** in their size and nature, and **their financing needs differ accordingly**. There is **never going to be a single model** that 'fixes' the SME financing gap."*
>
> *– British International Investment*

Lack of SME market segmentation

Banks often do not properly segment the SME market and **develop portfolios that are not reflective of** financial and non-financial product **needs**

> *"**Understanding the needs of SMEs** and getting segmentation working **is very critical to match these with the services offered.**"*
>
> *– Stanbic, Head of Enterprise Banking*

Inability to appropriately price risk

Standard credit scoring and risk tools are not adapted to SME operations (e.g., informal accounting, seasonality), leading to overpricing or exclusion of viable SMEs.

> *"Traditional **risk assessment tools need to be adapted** to take into account sector or geographic specificities."*
>
> *– FERDI*

Lack of investment in SME strategy and business model

Banks often **perceive SMEs as risky and lack the data** or internal tools **to size the opportunity**, leading to **underinvestment** in tailored **program design**.

> *"Banks need to be able to **determine the SME opportunity and have numbers** to justify investing in the business strategy."*
>
> *– KCB Head of SME Banking*

National policies and regulations offer little incentive for banks to serve SMEs. On the contrary, regulatory requirements such as strict collateral rules and loan classification standards discourage lending to agri-SMEs, which already receive less than 10% of commercial credit in East Africa.*

Note: This report and toolkit do not focus on this challenge, as it is primarily an ecosystem-level issue. **Sources:** FERDI. (2023). Financing SMEs in Africa: Rethinking the Role of Development Finance Institutions; BII. (2024). How and why we finance SMEs Aceli Africa. (2022). The Effect of Central Bank Policies on Lending to Agricultural SMEs in East Africa

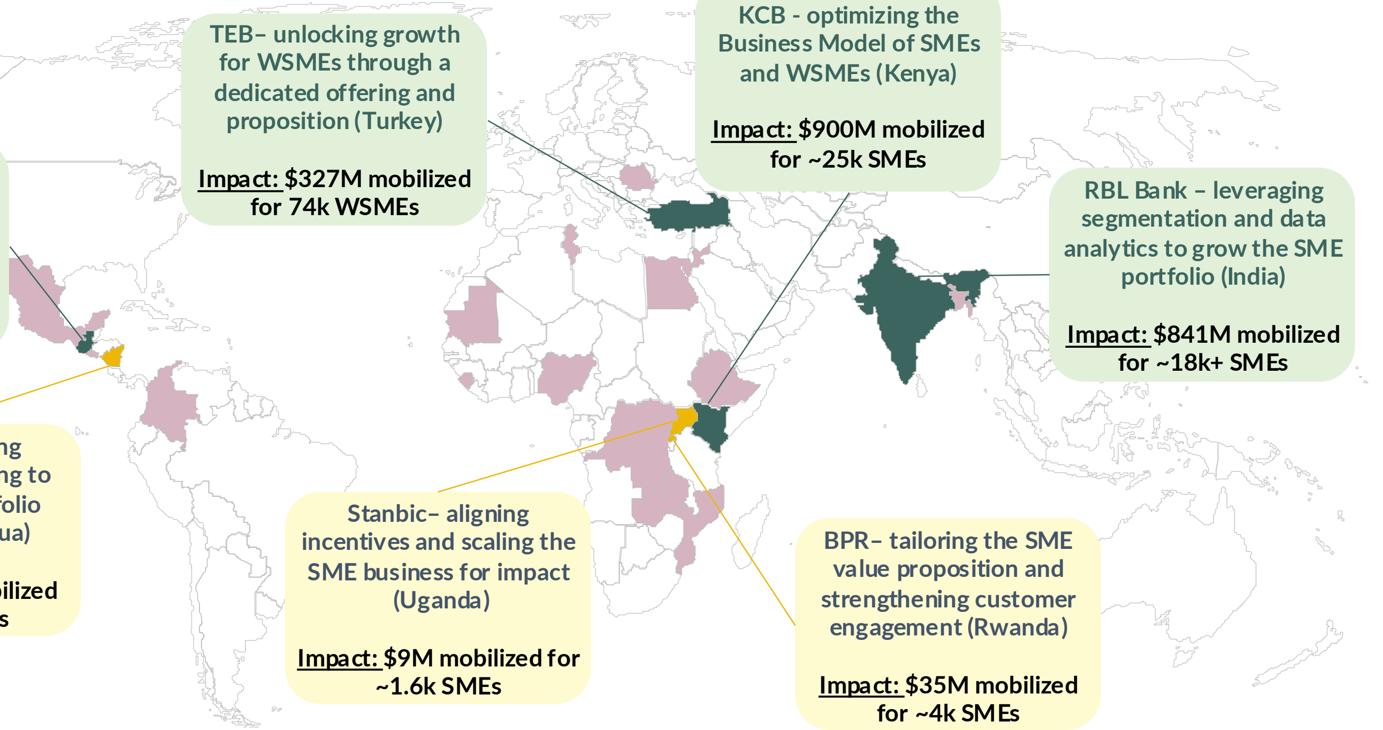
What we've learned:

Insights from 20+ SME banking initiatives where TA helps drive success

After reviewing 20+ TA-supported SME banking programs, we identified what drives successful SME propositions

SME banking programs by outcome

High impact | Emerging impact | Additional initiatives reviewed



Banco Industrial – strengthening SME strategy & processes (Guatemala)[1]

Impact: $550 M mobilized for ~3k SMEs

TEB– unlocking growth for WSMEs through a dedicated offering and proposition (Turkey)

Impact: $327M mobilized for 74k WSMEs

KCB - optimizing the Business Model of SMEs and WSMEs (Kenya)

Impact: $900M mobilized for ~25k SMEs

RBL Bank – leveraging segmentation and data analytics to grow the SME portfolio (India)

Impact: $841M mobilized for ~18k+ SMEs

BAC– embedding relationship banking to unlock SME portfolio growth (Nicaragua)

Impact: $50M mobilized for ~1.1k SMEs

Stanbic– aligning incentives and scaling the SME business for impact (Uganda)

Impact: $9M mobilized for ~1.6k SMEs

BPR– tailoring the SME value proposition and strengthening customer engagement (Rwanda)

Impact: $35M mobilized for ~4k SMEs

Detailed case studies can be found in the Annex

Note: [1]A full case study could not be developed for this program given the limited information currently available.

What good looks like: The exponential growth of KCB's billion-dollar SME banking portfolio

1 2 3 4

Key learnings

Bank: Kenya Commercial Bank

Partners: argidius, Women's World Banking, ConsumerCentrix

Outcomes *KCB's SME portfolio grew from $4 million in 2017 to $1.1 billion in 2025, with a $2 billion commitment by 2027*

By 2025

Total capital mobilized **$1.1Billion**

Repayment behavior
NPLs of 1.5% vs 15% national average

Profitability
SMEs are **KCB's 2nd most profitable segment**

Customer satisfaction
NPS increase to 47 on par with other segments

"The training KCB provided taught us how you can digitally operate a business while you are away, and how to navigate aspects of business advertising through digital platforms."
- Small Enterprise Owner, Female - Machakos

Context and problem

Most banks already have broad SME customer bases that typically hold savings accounts, make regular transactions, and engage with various banking services.

However, banks often miss the opportunity to profitably grow SME lending portfolios due to internal constraints that limit their ability to meet SME financing needs at scale, including:

- *A **lack of understanding of SME needs** and gaps **due to insufficient customer research** and lack of gender-disaggregated data*
- *A **fragmented business model** under which SMEs were commonly served through **multiple points of contact** at a bank*
- *A **lack of SME-appropriate lending products**—e.g., most were collateral based, which often limited access for SMEs that nonetheless had sufficient cash flow*

KCB uncovered a strong untapped opportunity within its existing SME customer base. Of the bank's ~1 million MSME account holders at the end of 2016, only 7% had a loan with the bank and only 1% utilized non-financial services offered through the SME membership program "Biashara Club".

Sources: Dalberg analysis based on interviews with TA funder representatives and internal program document review.

What good looks like: The exponential growth of KCB's billion-dollar SME banking portfolio

Bank — Kenya Commercial Bank

Partners — argidius, Women's World Banking

Approach

Following the assessment, Argidius, WWB, and CCX supported KCB **through a three-year TA program**, starting with a 10-branch pilot and reaching 200+ branches by 2020. The TA **focused on improving KCB's SME offerings by:**

1 Conducting in-depth research and bank diagnostics

KCB began its research phase by:

- **Segmenting WSMEs to understand** their unique financial and non-financial needs
- **Identifying the bank's capabilities and gaps** in serving WSMEs

2 Designing an optimized business model

Building on its research findings, KCB improved the value proposition of its SME offerings by:

- Upgrading the **bank's use of data and customer management**
- Implementing a new **cash-flow-based credit assessment**
- Shifting toward a **relationship-based management model**
- Upgrading the **non-financial services** offering

3 Building institutional alignment

The bank used a top-down approach to ensure change management at all levels and successfully serve women-owned SMEs by:

- Building staff buy-in through **internal communication campaigns**
- Providing **continuous training** to embed a women-focused culture
- Giving the Biashara Club team a **strategic position** within the bank

Intervention

Strengthening of the portfolio performance management

- **Upgraded its CRM system** to tag clients separately as individuals or businesses and to track gender-disaggregated data, enabling a clearer understanding of its customer base.
- **Designed reports and dashboards** to allow staff across levels to regularly monitor financial and non-financial service performance.
- Worked with the Head of SME Banking to **determine KPIs** and the reports IT and MIS teams should provide to support SME tracking.

Implementation of a cash-flow based credit assessment

- Shifted away from collateral-based credit assessments by **equipping relationship managers with cash-flow-based credit assessment models, visiting businesses** to build deeper understanding, and **introducing credit panels at the branch level** to strengthen assessments.

Development of a relationship-based banking model

- **Developed a relationship management model** which enabled KCB to foster relationships with SMEs, especially WSMEs.
- **Trained** 78 **staff in relationship management** throughout pilots; fully rolled out training to 560+ staff via KCB's training academy.

Expansion of KCB's non-financial services

- **Transformed KCB's Biashara Club into an effective provider of non-financial services** offering business networking and workshops, informed by better needs assessments and a partnership with the African Management Institute (AMI)

Why don't all SME banking programs match KCB's success?
The challenges and lessons learned of building and growing SME segments

1 2 3 4

Key learnings

Key challenges[1]	Description	Lessons learned
Lacking incentives to align priorities	**Even when banks commit to SME banking, they often lack clear internal incentives and accountability to treat it as a strategic priority.** As a result, SME business lines underperform or fail to reach their full potential.	A Align incentives to support SME growth
Taking a product-first approach	**Many banks take a product-first approach to SME banking, launching generic offerings without understanding SME segment needs.** This limits their ability to deliver a coherent and compelling value proposition that resonates with SMEs.	B Follow a process of Research & Diagnostics, Pilot and Refinement, and finally Rollout
Disregarding change management	**Banks often launch SME initiatives without ensuring that they can manage the organizational change this requires.** Without strong change management, these efforts lose momentum and fail to scale.	C Manage internal change to sustain SME momentum

Note: [1]These challenges are based on insights from interviews with banks and TA funders, as well as a review of SME banking program documents.

Lessons learned: Ensuring SME banking growth requires institutional alignment and motivation

A

Align incentives to support SME growth

Unlocking the full potential of SME banking requires internal commitment and aligned incentives to drive growth and performance. SME goals need to be defined and integrated into KPIs, performance structures, and support systems to sustain momentum and motivation across teams.

Good practices	Examples
Centering SME banking as a strategic commitment, including leadership accountability, helped ensure sustained prioritization and funding.	**Access Bank** embedded SME inclusion into its corporate sustainability agenda through the "W" Initiative, which secured executive sponsorship and maintained consistent investment across multiple African markets.
Developing SME growth targets linked to portfolio and staff performance motivated teams in deepening SME relationships and growing portfolios.	**BAC Nicaragua** launched the CreditMujer product with the clear benchmark of women-led SME loans constituting 20% of its SME portfolio within five years.
Tracking SME banking performance in Management Information System (MIS) increased visibility of SME results and highlighted areas for improvement.	**RawBank** upgraded its systems to track SME loan disbursements, cross-sell activity, and RM training participation, enabling managers to link bonuses to accurate, real-time performance data.

Sources: UNEP. (2025). Access Bank: Driving Inclusive Growth Through Responsible Banking & Dalberg analysis based on interviews with TA funder representatives and internal program document review

Lessons learned: Designing a strong SME banking value proposition starts with understanding the SME market and its needs

B

Follow a process of Research & Diagnostics, Pilot and Refinement, and finally Rollout

Successful SME banking requires banks to build a value proposition grounded in a thorough understanding of SME needs. This means shifting from a product-first approach to a process-driven one by strengthening institutional capabilities, designing customer-centric products, and adopting relationship-based delivery models.

Good practices	Examples
Segmenting SMEs to design offerings aligned with SME needs increased product uptake and customer loyalty.	**BLC Bank Lebanon** segmented the SME market to identify that women owned 33% of businesses but held only 3% of bank loans, which led them to design targeted products for women entrepreneurs.
Incorporating cash-flow-based credit assessments increased lending to SMEs, which often don't have collateral or fixed assets.	**COSAMI's** introduction of cash-flow based lending was in high demand, especially in the agriculture sector, due to the prevalence of seasonal cash flows tied to production.
Integrating non-financial services—such as training, advisory, and networking support—improved portfolio performance, as SMEs were more prepared to grow.	**BPR Rwanda** embedded workshops on taxation, bookkeeping, and marketing into its Biashara Club offer, which enhanced members' business practices and provided opportunities to cross-sell.
Establishing a relationship-based SME banking model helped build trust with SMEs to better support them in their growth.	**KCB** trained SME bankers to be relationship managers with a comprehensive view of customers' needs, increasing product uptake and client satisfaction.

Sources: University of Oxford. (2019). Women Entrepreneurs and Effective Banking in Emerging Markets & Dalberg analysis based on interviews with TA funder representatives and internal program document review

Lessons learned: SME banking continuity depends on the ability to manage internal change and adapt to the needs of the segment

1 2 3 4

Key learnings

C

Manage internal change to sustain SME momentum

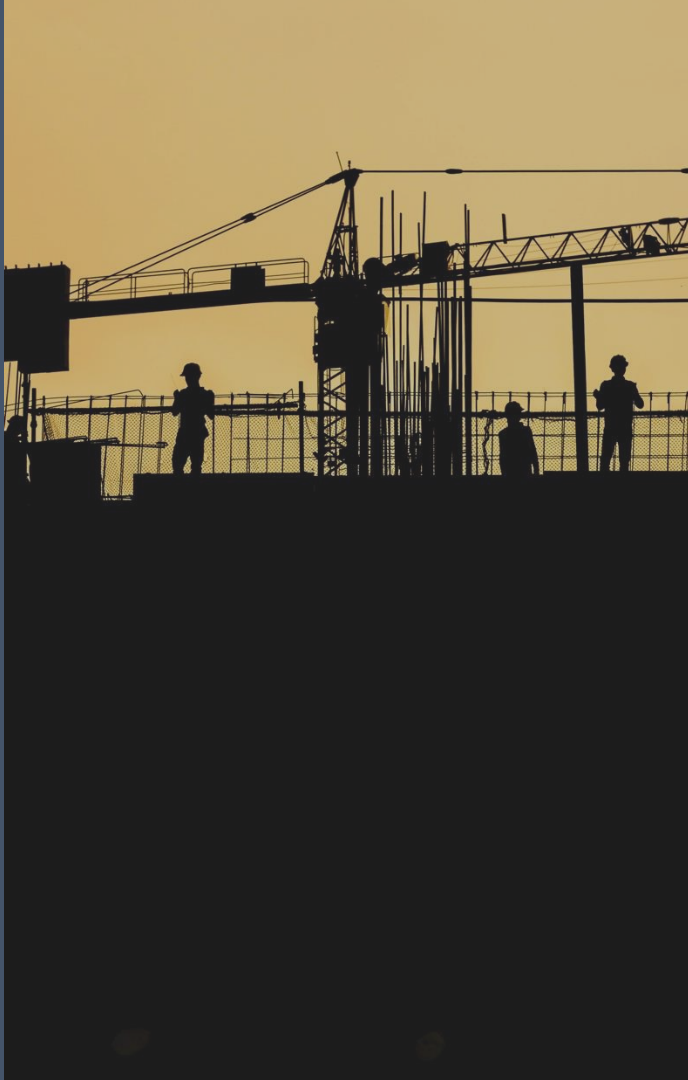
Sustaining SME momentum requires banks to manage internal change effectively. This means securing leadership buy-in, embedding SME practices into systems and staff capabilities, and adopting flexible implementation approaches that keep propositions relevant as markets and client needs evolve.

Good practices	Examples
Ensuring leadership buy-in around SME initiatives, including appointing champions with decision-making power, helped institutionalize SME processes and teams.	**KCB** framed its women-SME proposition as a bank-wide change effort led from the top, which smoothed rollout across branches and locked in resources.
Promoting institutional capacity and learning in SME banking by integrating SME practices into systems, staff skills, and monitoring frameworks has enabled banks to build robust SME portfolios.	**TEB in Turkey** trained over 600 SME bankers through a certified two-year program, creating a group of in-house experts capable of delivering results regardless of relationship manager turnover.
Allowing adaptive and versatile implementation of SME initiatives helped banks better respond to market and client realities and keep offerings relevant.	**Stanbic Uganda** moved business bankers from head office into branches and paired them with on-the-job coaching, so client conversations directly informed refinements to the SME value proposition.

Sources: Financial Alliance for Women. (2017). TEB: Leveraging SME Capabilities to Serve Women & Dalberg analysis based on interviews with TA funder representatives and internal program document review

The INVEST process:

A roadmap for mastering SME banking



INVEST is a process that supports funders and TA providers through the key steps and critical questions at each stage of the SME banking journey

	Research & Diagnostics					Pilot & refinement	Roll out
Steps *(might not be linear)*	Assess the market	Understand the SME segment	Determining the business case	Diagnose bank capabilities	Set up performance tracking	Test and refine	Rollout
Key questions	What does the market look like? What is the overall opportunity?	What are the **key** segments? How do their needs differ?	**Which SME segment is attractive** from a scale and ROI perspective?	What does my organization need to do to **create a strong SME value** proposition?	How will I know if my organization is **achieving its full potential**?	What **adaptations are necessary** to expand market share?	How can these banks **target scale** (e.g., across branches, subsidiaries, new markets)?
Good practices	Understanding high-level **enablers and barriers** to SME finance through **market sizing and assessment**	Establishing through **segmentation** a **clear view of** the **nuanced needs** of a heterogeneous market	Identifying SME segment to target to **establish a healthy and growth-oriented portfolio**	Identifying existing **capability and technology gaps** to be filled to properly serve SMEs through a **bank diagnostic**	Implementing **performance tracking** to measure progress and **assess impact**	Understanding shortcomings and needed **adjustments through pilots** prior to full rollout	Identifying additional opportunities to target **growth and expansion**

Note: The INVEST framework provides a simplified and generalized representation of elements of success applicable to the SME banking journey. It is intended for guiding purposes.

The INVEST approach highlights that effective SME banking is a process, not a product, built on key elements for success that can be applied in varying contexts

1 2 3 4

INVEST process

Research & Diagnostics → **Pilot & refinement** → **Roll out**

Key elements for success

I — **Incentives** – Establish an incentive structure throughout the organization that enables long-term commitment across departments

N — **Non-financial services** – Enhance the value proposition to increase customer loyalty and financial returns

V — **Versatile implementation** – Ensure that a change management structure is in place across departments for implementation

E — **Embed relationship banking** – Implement a customer-centric relationship model that fosters higher customer satisfaction and cross-selling opportunities

S — **Segmentation** – Identify market segments for which there is a strong business model; tailor the value proposition accordingly to nuanced needs and characteristics (e.g., sector, lifecycle stage, formality level, etc.)

T — **Technology** – Leverage data and digital tools to optimize new and existing client identification, credit assessment, and disbursement times—driving market share growth and profitability

The INVEST process starts with a research and diagnostics phase to understand SME needs and identify how to scale profitable SME lending

INVEST

Research & Diagnostics → Pilot & refinement → Roll out

Key elements for consideration

Incentives: Establish internal structures and performance incentives that motivate frontline staff, credit teams, and senior management to prioritize SME growth and cross-department collaboration

Segmentation: Identify market segments for which there is a strong business model; tailor the value proposition to nuanced needs and characteristics (e.g., sector, lifecycle stage, formality level etc.)

Technology: Leverage data and digital tools to optimize new and existing client identification, credit assessment, and market sizing strategies

Impact on program success

Motivating frontline staff and credit teams to prioritize SME growth ensures long-term commitment, seamless customer experiences, and portfolio expansion

Strong segmentation is critical to designing products that meet real SME needs driving both uptake and portfolio quality

Integrating technology and data analytics early on enables scalable, efficient SME operations, improved credit assessments, and real-time portfolio management that is essential for sustainable growth

The pilot and refinement phase is essential for testing and adapting SME banking models to ensure that they are effective and scalable

1 2 3 4

INVEST process

INVEST

Research & Diagnostics | **Pilot & refinement** | Roll out

Key elements for consideration

- **Embed relationship banking:** Implement a customer-centric relationship model that fosters higher customer satisfaction and loyalty
- **Non-financial services:** Broaden SME offerings beyond lending (e.g., transaction services, tax support, ESG advisory) to enhance the value proposition and expand cross-sell opportunities and financial returns
- **Versatile implementation:** Ensure that a change management structure is in place across departments for implementation
- **Technology:** Implement strong systems and strategies from the offset to enable quick decision-making, risk management, and performance tracking[1]

Impact on program success

- Testing trainings and **designing a scalable relationship model** can support staff transitioning to customer-centric engagements
- **Piloting non-financial services** helps tailor content, test delivery channels, and refine incentives to ensure relevance and scalability
- **Designing change management structures** to ensure buy-in across key departments and weather personnel changes
- **Introducing robust performance management systems** can help identify what's working and what needs to be adapted for scale-up

Note: [1]The integration of external partnerships (e.g., fintechs) can help accelerate these processes and enhance internal efficiency and innovation.

The rollout phase focuses on scaling what works and institutionalizing SME banking for long-term success

INVEST

Research & Diagnostics → Pilot & refinement → **Roll out**

- **Institutionalize and sustain:** The rollout stage can serve for standardizing the SME banking model within the bank's core systems, structures, and culture to ensure long-term sustainability.
- **Align incentives at scale:** Ensure group-wide incentive structures and KPIs consistently reinforce the SME strategy across all branches and departments.
- **Strengthen leadership continuity:** Focus on maintaining senior leadership engagement and cross-functional alignment to preserve momentum through staff changes, restructures, and transitions.
- **Build performance monitoring discipline:** Prioritize using real-time dashboards and regular performance reviews to keep SME banking on leadership agendas and drive continuous improvement.
- **Deliver consistently when scaling:** Ensure that SME products, non-financial services, and the relationship model can be delivered consistently across all markets and branches, adapting where necessary for local contexts.

The INVEST Toolkit:

Tools that enable the SME Banking journey

The INVEST Toolkit provides banks with tools to apply the INVEST process and strengthen SME banking practices across diverse contexts

1 2 3 4
Toolkit

Research & Diagnostics | Pilot & refinement | Roll out

Order of use

Tools for TA funders | Tools for banks

To evaluate the market opportunity and identify strategically aligned partners

1. Market assessment
2. Market sizing
3. Partner screening tool
4. Business case

To understand the TA needs of banks to effectively focus capacity building

5. Bank diagnostic
6. Segmentation tool*
7. Enterprise needs assessment
8. Credit risk management primer

*Note : Additional gender-focused resources—such as the WSME segmentation, WSME Toolkit, and additional case studies developed with We Fi Initiative —are available on the INVEST Toolkit website.

To effectively track and communicate impact of programs

9. Bank performance dashboard
10. Case study template*

*Note: the case study template can also be leveraged to gain strategic alignment and advocate for program funding.

"This is the first time I've seen such a comprehensive diagnostic for SME banking – it helps banks understand where they stand and how to move from transactions to real SME partnerships."
- Advisory Services Lead, DFI

"This toolkit is very helpful – it takes out the real lessons, the pain points, and clearly how to overcome them. It's something I would recommend to everyone."
- Senior SME Banking Executive, Sub-Saharan Africa

The INVEST Toolkit can be found here

Each tool supports banks across the INVEST process, reinforcing key drivers of SME banking success

Order of use

Tools	Description	Key questions answered	Success factors reinforced
1 Market assessment tool	**Excel-based model to help actors identify high-potential markets** for SME banking expansion, based on key enablers and constraints	What does the market look like?	INVEST
2 Market sizing tool	**Excel-based model** to estimate MSME market size by firm type (e.g., micro, small, medium) and gender. Predicts headcount, financial needs, and revenue potential.	What is the **overall opportunity?**	INVEST
3 Business case	**Excel model** projecting SME finance profitability using tailored assumptions. Includes cost/revenue inputs, scenario analysis, and sample outputs.	Which **SME segment is attractive** from a scale and ROI perspective?	INVEST
4 Bank diagnostic tool	**Excel-based template** to help funders and banks assess existing capabilities and gaps that need to be addressed to deliver an SME-aligned value proposition.	What do these banks need to do to **create a strong SME value** proposition?	INVEST
5 Segmentation tool	**PDF conceptual overview** which provides a structured process to identify distinct SME profiles based on business characteristics, behaviors, and financial needs, with reference to two external Excel-based segmentation tools.	What are the **key segments**? How do their **needs differ**?	INVEST
6 7 Enterprise needs assessment tools	**Excel-based template** aiding FSPs in conducting qualitative market research with SMEs to effectively identify financial behavior, needs, and NFS/market opportunities.	What are the unmet financial and non-financial needs of SMEs? In what ways can FSPs **better serve them**?	INVEST
8 Credit risks management primer	**PDF primer** highlighting key internal credit risks banks face in SME banking, along with mitigation strategies and the potential role of TA, supported by real-world examples	What makes SME credit risk hard to assess? How can FSPs **strengthen** their credit risk management processes?	INVEST
Bank performance dashboard	**Tableau dashboard** to track SME banking performance across segments, regions, and roles. Includes KPIs on outreach, portfolio quality, profitability, and gender inclusion	Is the organization **achieving its full potential**? What **adaptations are necessary** to expand market share?	INVEST

The toolkit includes resources to help banks and other stakeholders apply the INVEST process effectively

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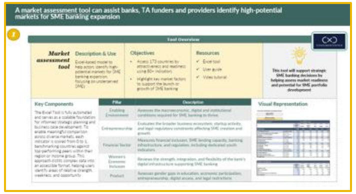
Banks		Current piece 		
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The toolkit reflects the collective expertise of stakeholders and experts across the SME finance ecosystem

Consortium partners

argidius

GFA GROWTH FIRMS ALLIANCE

Dalberg

CONSUMERCENTRIX

GSG IMPACT

Participating institutions / banks

SME FINANCE FORUM

We-fi WOMEN ENTREPRENEURS FINANCE INITIATIVE

FMO Entrepreneurial Development Bank

ADB

European Bank for Reconstruction and Development

IDB Invest

IFC

NABII ZAMBIA

KCB

Stanbic Bank A member of Standard Bank Group

Bi BANCO INDUSTRIAL

BOP THE BANK OF PUNJAB

BAC CREDOMATIC

BSF

BRAC BANK

AFD AGENCE FRANÇAISE DE DÉVELOPPEMENT

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Thank you!

Dalberg

CONSUMERCENTRIX

Annex

SME banking case studies and spotlights

RBL Bank in India grew a multi-million-dollar SME portfolio by strengthening institutional capacity and embedding SME banking into its core business strategy

Bank RBL Bank India

Partners IFC British International Investment

Context and intervention

RBL Bank India implemented a multi-year SME banking program (2013–2016), with support from IFC and British International Investment, focused on:

1. **Adopting advanced screening and analytics tools** to design tailored SME credit products for underserved and high-growth businesses.
2. **Building SME-focused staff capacity** through extensive training in credit risk, relationship management, and liability management.
3. **Expanding non-financial services** by implementing a financial literacy program that reached over 35,000 individuals in rural areas.
4. **Piloting digital lending platforms and MIS upgrades** to strengthen data-driven decision-making, automate risk scoring, and improve SME loan tracking.

Lessons learned

Enablers

- **Establishing strong institutional foundations for SME banking**: With IFC and BII's financial and advisory support, the bank strengthened its operating model, governance, and SME product suite.
- **Making SMEs a strategic business priority:** Defining SME finance an explicit pillar of RBL's business plan allowed leadership to allocate resources and align incentives toward growing this segment intentionally.
- **Upgrading governance and management capacity:** Strengthening corporate governance, risk oversight, and ESG systems improved management's ability to plan, supervise, and de-risk SME portfolios.

Outcomes

Total capital mobilized	*Beneficiaries*	*Jobs created*
$301M	*18k+ SMEs*	*+5,600*

Constraints

- **Limited gender integration:** The bank's SME initiatives could have incorporated a stronger gender focus, as lower outcomes among WSMEs highlighted the need for more targeted outreach and product design for this segment.
- **Limited resilience to external shocks:** SME activity declined sharply during India's demonetization, underscoring the need for stronger risk planning and adaptive mechanisms to sustain SME operations disruptions.
- **Gaps in measurement systems:** Reliance on self-reported and short-term data limited the bank's ability to track SME outcomes comprehensively.

Sources: CDC and IFC (2017) SME finance and growth: evidence from RBL Bank; British International Investment. (2023). Investing for impact in India.

BPR has mobilized $35M and reached 4,000 SMEs by enhancing its SME business banking proposition

Bank bpr **Banque Populaire du Rwanda** *Partners* argidius CONSUMERCENTRIX

Context and intervention

Between 2019 and 2023, Banque Populaire du Rwanda (BPR) partnered with ConsumerCentriX (CCX) and the Argidius Foundation to strengthen its SME banking model and customer engagement. The program focused on:

1. **Building staff capacity** through training on relationship management, credit analysis, and portfolio oversight.
2. **Implementing a non-financial services strategy** o provide SMEs with business training, advisory, and networking opportunities.
3. **Refining customer segmentation** o tailor SME offerings to diverse market needs.
4. **Developing a performance dashboard** to track portfolio performance and staff engagement and enable robust decision-making.

Outcomes

Total capital mobilized	*Beneficiaries*	*Staff trained*
$35M & growing	*35k SMEs*	*+40 staff members*

Lessons learned

Enablers

- **Optimizing the SME business model:** The bank revised its segmentation, credit processes, and lending methodology to better reflect SME realities, enabling more accurate targeting and faster loan turnaround times.
- **Positioning SME banking as a strategic priority:** Leadership embedded SME growth into the bank's strategic agenda, which improved staff motivation and alignment around a unified SME value proposition.
- **Investing in customer-centric propositions:** Programs such as the Biashara Club, partnerships with the African Management Institute, and the SME Response Clinic created new touchpoints for learning and advisory support, helping SMEs build capacity and maintain engagement during COVID-19.

Constraints

- **Managing transitions more proactively:** Leadership changes and the merger disrupted program momentum. Stronger SME ownership and continuity could have maintained progress during restructuring.
- **Aligning business targets with market potential:** SME goals focused on loan volume rather than outreach or diversification. Broader performance metrics could have better reflected market opportunities.
- **Reducing staff turnover to sustain training outcomes:** Frequent rotation of SME bankers limited the long-term impact of training.

Sources: Dalberg analysis based on interviews with TA funder representatives and internal program document review.

Stanbic Uganda's SME initiative illustrates how segmentation and non-financial services cna strengthen SME engagement - even at modest scale

Bank **Stanbic Bank Uganda**

Partners argidius CONSUMERCENTRIX

Context and intervention

Between 2019 and 2023, Stanbic Bank Uganda partnered with ConsumerCentriX (CCX), with funding from the Argidius Foundation, to strengthen its SME banking model through three main areas:

1. **Defining a clear SME strategy** by developing an SME segmentation study and a roadmap that included business model adjustments.
2. **Deploying capacity building** to strengthen bankers' SME capabilities through targeted upskilling opportunities.
3. **Strengthening non-financial and digital services** to enhance SME support, broaden reach, and increase client loyalty and cross-selling.

Outcomes

Total capital mobilized	*Beneficiaries*	*Users of Business Info Hub*
$9M	*1.5k SMEs*	*6.5M unique users*

Lessons learned

Enablers

- **Applied segmentation insights:** The bank used the SME segmentation findings to identify new opportunities (including WSMEs) and restructure its SME operations through the creation of the Business Centre.
- **Expanded non-financial services:** The bank strengthened SME engagement through the Business Incubator and the Business Info Hub.
- **Invested in staff capabilities:** Training business bankers in relationship management helped shift mindsets from transaction-based to consumer-centric banking, enabling cross-selling and deeper client engagement.
- **Leveraged digital channels:** The bank used digital platforms and social media to engage SMEs, increasing outreach and maintaining visibility during the pandemic.

Constraints

- **Leadership turnover and limited ownership:** Frequent leadership changes and restructuring weakened continuity and ownership, hindering institutionalization of SME banking practices.
- **Insufficient internal communication and advocacy:** The SME strategy and results were not consistently communicated across departments or Group entities, limiting alignment and buy-in.
- **Strategic priorities not well understood across Group:** While SMEs were a clear priority for Stanbic Uganda, this was not the case at Group level, resulting in limited support for necessary structural changes.
- **Weak cross-department collaboration:** Limited coordination among key functions slowed follow-through on SME initiatives.
- **Lack of institutionalization:** SME processes, tools, and learnings were not fully embedded in core systems or performance frameworks, constraining sustainability beyond TA support.

Sources: Dalberg analysis based on interviews with TA funder representatives and internal program document review.