

SME Financing Statistics & Insights

1. Overview

Small and Medium Enterprises (SMEs) are the backbone of the economy, yet they face a significant credit gap that limits their growth, especially in the area of trade finance.

2. Key Global Statistics

- Global Trade Finance Gap:

As per the ADB (Asian Development Bank), the global trade finance gap is \$2.5 trillion, with SMEs accounting for 40% of rejected trade finance requests.

- SME Credit Gap (World Bank):

SMEs globally face a credit gap of \$5.2 trillion, despite contributing to over 90% of businesses and 50%+ employment worldwide.

- Rejection Rates:

The rejection rate for SME trade finance applications is about 45%, compared to 17% for large corporates.

3. India-Specific Statistics

- SMEs in India:

- 63+ million MSMEs in India

- Contribute 30% to GDP

- Employ 120+ million people

- Credit Gap in India (IFC & SIDBI):

- Estimated credit gap: ₹25 trillion (~\$300 billion)

- Only 15% of MSMEs have access to formal credit

- 85% rely on informal lending or trade credit

- Reasons for Loan Rejections:

- Lack of collateral
- Limited credit history
- Incomplete documentation
- Manual onboarding processes

4. Trade Finance Gaps for SMEs

- Only ~10% of Indian SMEs have access to formal trade finance products.
- Average turnaround time for trade finance application: 5-10 days
- High dependency on manual paperwork and branch visits
- SMEs often lack digital tools to track invoices, shipping documents, or match compliance

5. Why This Matters

- Solving SME financing helps unlock GDP growth, boost exports, and reduce reliance on informal lending.
- A digital-first, AI-powered platform can help bridge this gap by:
 - Speeding up approval times
 - Making documentation and credit checks automated
 - Aggregating multiple lenders and reducing dependency on a single institution

6. Sources

- World Bank MSME Finance Gap Report (2024)
- ADB Trade Finance Gap Survey
- IFC-SIDBI India MSME Credit Gap Report (2023)
- RBI Financial Stability Report (2023)
- WTO Trade Finance & SMEs PDF