BANK DIAGNOSTIC TOOL

Tool user guide

October 2025

1. Overview

• **The Bank Diagnostic Tool** is an Excel-based template that helps funders and banks assess the capabilities, including digital readiness, required to deliver SME banking effectively. It offers a structured menu of options to inform technical assistance (TA) efforts or internal initiatives aimed at strengthening SME banking delivery.

• **Intended users:** Banks, TA funders, and TA providers.

• **SMEs are defined here as firms with 10–250 employees and revenues of USD 100K–15M. While definitions vary by market, this standard is used for consistency, while most tools also apply to informal or smaller enterprises.**

2. Use Case & Benefits

This tool helps address the challenge of identifying the most critical capability gaps and existing strengths in SME banking in a structured and efficient way. It is designed for use when:

- **TA funders** seek to assess potential partner banks as part of SME-focused interventions.
- **Banks** want to self-assess their SME capabilities and prioritize internal investments.

The tool evaluates banks across **six core assessment areas:**

1. **Strategy**
2. **Talent and organizational structure**
3. **Competitive positioning**
4. **Operational processes**
5. **Products and value proposition**
6. **Digital readiness**

Each area includes 3–10 sub-criteria, supported by rationales, weighted scoring, and options for customization and automation. Digital readiness questions are embedded across all five areas and are presented as a distinct category in the Results tab.

The tool enables users to:
- Identify a bank's existing capabilities and the most pressing gaps in SME banking (including digital aspects).
- Prioritize investment areas or TA interventions to strengthen SME finance delivery.

The tool relies on primary data gathered through document review and interviews with bank leadership and SME-focused staff. As such, it is best used in the later stages of a research and diagnostic process, once potential partner banks are shortlisted or committed to SME banking improvements.

3. Key Objectives

- Assess banks' capacity and internal readiness to deliver SME banking using 30+ indicators focused on core institutional capabilities, including digital readiness.
- Identify capacity-building opportunities to enable SME finance delivery.

4. Structure and Components

Excel Tool: Contains eight tabs that guide the assessment, including:

- **Instructions & overview:** Tool introduction, objectives, and guidance on use.
- **Financial performance:** Dashboard of SME-related financial indicators, offering a snapshot of the bank's performance in this segment. This should be populated with bank data and is only intended for banks with an SME operation in place. Filling out this tab is optional, as it depends on the availability of information.
- **Bank diagnostic:** Bank Diagnostic Framework, outlining key assessment areas and indicators, and providing space for stakeholders to assign scores and add rationale for each. It also includes guidance on how to automate and customize the tool to reflect users' varying priorities (e.g., delete or add indicators). Specific questions on digital readiness are included in a distinct format.
- **Example 1 & Example 2:** Illustrative examples showcasing how the Bank Diagnostic Tool can be applied, using only publicly available data. These provide an overview of how to score banks across the assessment areas and indicators, offering illustrative scores and rationales. They are for demonstration purposes only and are intended to support stakeholders in conducting their own diagnostics. The information presented is based solely on secondary sources and may not be fully accurate; it should not be used as a definitive reference.
- **Methodology:** Methodology used to generate the results for the Bank Diagnostic, including the scoring logic and roadmaps for mitigating identified gaps.
- **Results:** Summary of the bank diagnostic, highlighting the maturity level of each assessment area, including digital readiness. It also outlines suggested pathways to address the identified gaps.

Companion documents
- **PDF user guide:** Summary of tool function and instructions.
- **Interview guide:** Suggested interview questions to support data gathering.

5. How to Use the Tool

Step-by-Step Instructions:

1. Open the Excel file and review the **Instructions & overview** tab.

2. In the **Financial performance** tab, populate the provided indicators using collected bank data. These will provide a comprehensive overview of the bank's financial performance. Adjust or add indicators as needed to reflect the specific financial aspects of your preference. If this information is not available, leave the tab empty.

3. In the **Bank diagnostic** tab:

   1. Complete the "Bank Profile" section with basic information about the bank, including its name, country of operation, and bank type. For "Bank type," tiers are typically defined by the size of the bank's assets: Tier 1 banks usually hold assets of around $100 billion or more, Tier 2 banks hold between $1 billion and $100 billion, and Tier 3 banks have assets of $1 billion or less. These ranges may vary by country and should be adjusted to local market conditions where appropriate.

   2. Gather key input for the diagnostic by conducting interviews with the bank's leadership and SME unit. Key interview questions can be found in column E, and suggested interviewees are listed in column J and in the accompanying "Interview Guide." Consider the automation guidelines in column M to streamline the process of identifying key takeaways from the interviews.

   3. Assign a score (High, Medium, Low, or Yes/No) for each sub-criterion across the five assessment areas in column F. Digital readiness questions are included throughout and will appear separately in the Results tab.

4. Provide rationale for scores, especially for "Low" or "Medium" in column G. Guidance on scoring can be found in columns H and I.

5. Edit, add, or remove indicators as needed to align with your organization's preferences. Notes on customization can be found in column L. If changes are made, update the Methodology tab accordingly and the formulas on the Results tab to ensure the tool functions correctly.

1. In the **"Example 1"** and **"Example 2" tabs,** refer to the illustrative scoring for guidance.

2. In the **Methodology** tab, explore the scoring logic, the gap analysis, and the strategic recommendations. The suggested paths to level up and focus areas are intended to be initial guidance to be taken for discussion; they are not prescriptive or seek to represent final solutions.

   1. "Path to Level Up" is based on logic in column H of the Diagnostic tab.

   2. "Proposed Focus Areas" are informed by global best practices and Dalberg expertise.

3. In the **Results** tab:

   1. Review overall maturity rating.

   2. Examine assessment area maturity levels (High to Low), including the bank's digital readiness, which is presented as a distinct category.

   3. Analyze recommended actions for areas marked as "Low" or "Medium" (range N20:Q25).

   4. Use insights to guide TA design or internal capability investments.

Tips

- Refer to the **Methodology** tab to understand how scores are calculated and adjust the logic or weight if needed.
- Use the **Example** tabs to help calibrate your scoring; these illustrate possible rationales and scoring approaches.

- Ensure your scoring is honest, consistent, and evidence-based. Overstating performance could lead to missed investment or TA opportunities.
- Use the **Interview Guide** to reduce the time and effort required to complete the assessment and to ensure comprehensive input.
- Where possible, compare the bank's self-assessment with the TA funder's or external assessment to identify differing views or gaps in perception.
- Use the **Results** tab to inform internal discussions, strategic planning, or TA design.
- Revisit the tool periodically to update as needed.
- Remember: this is an initial **diagnostic tool intended to provide direction**. Its value lies in informing dialogue and decisions.

6. Outputs & Interpretation

The Results tab summarizes performance across the six core assessment areas, including digital readiness. Banks receive a maturity classification based on weighted composite scores:

- **High Maturity** (136–170)

- **Mid Maturity** (102–135)

- **Low Maturity** (34–101)

Each assessment area score is color-coded for quick visual reference (e.g., green for high maturity, red for low maturity), making it easy to identify and communicate the most relevant gaps and existing capabilities.

A detailed gap analysis is generated for all "Low" and "Medium" scores across assessment areas, highlighting potential investment or TA opportunities. The tool provides targeted recommendations based on global best practices and case studies from high-performing SME banking programs, intended to guide actionable improvements. However, these are intended as initial guidance for discussion; they are not prescriptive or seek to represent final solutions.