

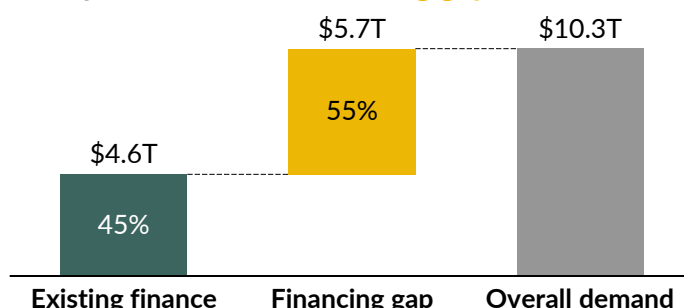
# Why SME banking matters?

SMEs are the backbone of emerging economies, yet remain trapped in the missing middle due to a \$5.7 trillion financing gap

In emerging economies, SMEs represent **70% of jobs**, **70% of businesses**, and **35% of GDP**.

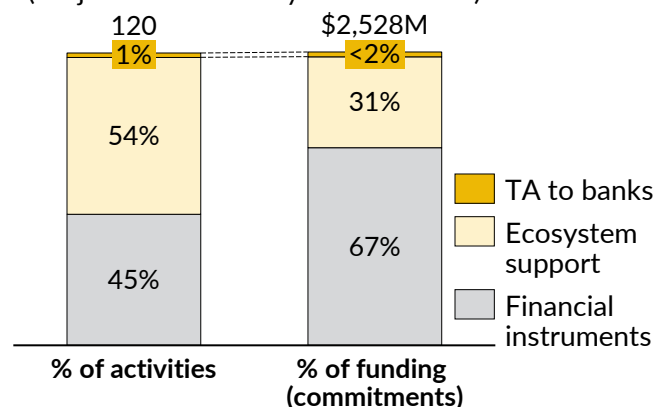
Strengthening SMEs in LMICs supports **production** across value chains, boosts **productivity**, and improves **livelihoods** for underserved groups.

Yet, SMEs often do not qualify for commercial finance, driving a **\$ 5.7 trillion financing gap** (2019)



Funder support has been focused on financial instruments and broader advisory, while technical assistance is overlooked

World Bank Group\* SME interventions, (Projects Evaluated by IEG 2014–18)



TA helps lenders to adapt their business models to serve high-impact SME segments in a commercially viable way

British International Investment

DFIs can play a catalytic role by offering TA focused on capacity building (i.e., staff training, risk assessment development) lowering upfront costs and improving SME banking delivery

FERDI

When banks are supported to develop SME value propositions aligned to market needs, the scale of impact is exponential



KCB's SME banking journey was supported by a 3-year TA program focused on optimizing the business model to better serve SMEs and WSMEs

"It is like walking into a totally different bank."

- Small Enterprise Owner, Female - Machakos

Total capital mobilized  
\$1.1Billion



SMEs served



30k

Funds allocated to WSMEs



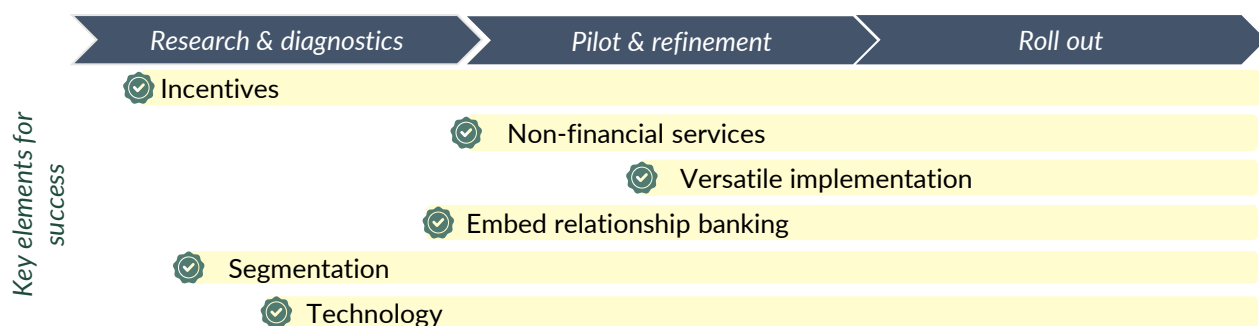
\$550M

Full time jobs created



67k

Technical assistance can unlock SME finance at scale by supporting key elements across the SME banking journey



Note: \*Includes interventions carried out by WB Lending, IFC Investment Services, and MIGA

Sources: World Bank Group. (2019). Support for Small and Medium Enterprises A Synthesis of Evaluative Findings; FERDI. (2023). Financing SMEs in Africa: Rethinking the Role of Development Finance Institutions; BII. (2024). How and why we finance SMEs; IGC. (2024). Why do SMEs Matter;