

PRESS RELEASE

Unlocking New Opportunities in Small Business Finance

Beijing, China, September 21, 2016 - How are technology, big data, bitcoin and artificial intelligence transforming small business finance? Four hundred representatives of leading banks and financial technology firms from 50 countries gathered in Beijing to discuss how to leverage these innovations.

Small businesses are essential for economic growth because they account for over 95 percent of businesses worldwide and provide more than half of all jobs. Yet, 200 million businesses globally do not have the financing necessary to invest and create new jobs. The good news is that things are changing rapidly. Traditionally banks have found it difficult to lend to small businesses given the high cost and high risk. The proliferation of mobile phones and digital payments in recent years have revolutionized small business finance. The three-day Global SME Finance Forum included study visits to CreditEase and DHGate, who are at the frontlines of such innovation - using big data to provide real-time loans to small businesses.

“Banks increasingly need to keep up with data and technology to remain in the game. We also see a lot of collaborative partnerships between banks and fintech providers,” said Marcos Brujis, Director of the Financial Institutions Group at the International Finance Corporation. “These pairings allow banks to acquire and retain customers by offering the convenience and dexterity of fintechs. Meanwhile fintech companies can tap into large, established client bases.”

While there is no doubt that technology is expanding financial inclusion, it’s important that innovation does not take place at the cost of stability. There are significant concerns about data security, privacy, as well as, safeguarding the assets of investors and users. Regulators from China, India and Tanzania shared how they walk the tightrope – enabling innovations in financial services while protecting the interest of users. Banks usually have a bigger regulatory burden compared to fintech companies. There was consensus that regulation should be based on principles like prudence and protection and should be agnostic of what channel is being used to deliver financial services.

“We have brought together banks, financial technology companies, regulators and development institutions at this event. We hope that the people and ideas they encounter here

will help them navigate and better cope with the changing SME finance landscape,” said Matthew Gamser, the CEO of the SME Finance Forum.

About the 2016 Global SME Finance Forum - The three-day conference was hosted in Beijing by the SME Finance Forum in partnership with the International Finance Corporation, Capital Plus Exchange, G20 Global Partnership for Financial Inclusion and the Global Business Alliance for Women. Mastercard, CreditEase, MekongBiz, Strands and Verde sponsored the event.

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