



Expanding Small Industry through DIGITAL FINANCIAL INCLUSION

Micro, small, and medium enterprises in emerging economies have an unmet financing need of \$5.2 trillion every year.¹

THE OPPORTUNITY

Digital finance enables small businesses to grow, innovate, and reach new markets, bringing more people into the digital economy.



CHALLENGES*

Micro, small, and medium enterprises (MSMEs) in emerging economies face **constraints in access to finance**, hampering their growth potential.²

Cash payments for suppliers and distributors can be **expensive – as high as 20% of annual company turnover** in some emerging economies.⁴

Cash payments are **largely untraceable**, making it costly and complex for companies to fight fraud and theft and confirm if payments were made in full.^{6,7}



SOLUTIONS*

Digital financial services can help MSMEs build **payment histories and credit scores** that can serve as collateral, resulting in greater access to finance.³

Digitizing supply chain payments can lead to significant **efficiency gains and increased revenue** for MSMEs.⁵

Digitizing payments can help businesses **avoid disparities in wage payments** in factories and ensure **compliance with labor standards**, as well as significantly **reduce fraud** in supply chains.⁸



“Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.”

AFRICA Kopo Kopo uses electronic transaction history to assess the creditworthiness of MSMEs and grant them short-term loans. In three years, the company has provided over **\$4 million in cash advances to over 1,000 merchants.**⁹

MEXICO Grupo Bimbo worked with small retailers to help them adopt digital payments. **Sales revenue increased by up to 30%** for participating merchants.¹⁰

BANGLADESH Garment factories that digitized their payments to staff and vendors reported a **53% time savings** for their administrative and finance teams.¹¹



INDIA Gap Inc. digitized the salary payments of roughly 95% of its factory workers, ensuring that workers' wages were paid in full, including overtime. This led to a **15%–20% reduction in worker attrition.**¹²

EMERGING ECONOMIES

In agricultural industries, **farm productivity can increase up to 60%** when mobile payments are bundled credit.^{13,14,15}

* These represent only a few of the many important challenges and solutions. They should not be read as an exhaustive list.



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BETTER THAN CASH
ALLIANCE



THE WORLD BANK

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¹ IFC, World Bank Group, & SME Finance Forum, 2017 ² Ibid. ³ OECD, 2018 ⁴ World Bank, 2017 ⁵ Chaintreau et al., 2018 ⁶ Ibid ⁷ Chakravorti, 2014 ⁸ Vodafone, 2016 ⁹ Kopo Kopo, 2018 ¹⁰ Rendon, 2014 ¹¹ Chaintreau et al., 2018 ¹² Ibid. ¹³ Nzomo, 2014 ¹⁴ AfDB, 2017 ¹⁵ Vodafone, 2016