

# Fintech proves a game changer for SMEs

Small business owners have enough on their plates without having to spend unnecessary time trying to manage their finances due to inadequate data or out-of-date systems. These men and women don't go into business to become financial managers, and this is where financial technology (fintech) comes to their aid.



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“The SME sector is a big driver of our economy, and our economic prospects as a country are intimately tied to their success or failure. The proper use of fintech systems can help them focus their time and energy in an efficient manner,” says Thomas McKinnon, head of product at Lulalend.

McKinnon believes there are five basic questions that SME owners ask themselves each day:

- Will I have enough cash this month to cover my expenses and pay my staff?
- Which customers still owe me money and how long will it be until they pay me?
- Which bills can I delay paying and for how long?
- How am I going to cover that unexpected expense?
- Can I pay myself this month?

“In our work, we have seen how well-developed fintech solutions can aid rapid decision-making. As an example, instead of waiting days and weeks, an owner can now get a decision on a loan application within minutes. A faster response time means an SME can be more adaptive to changes in the market, and thus stand a better chance of survival,” he explains.

New developments in the fintech space are fast changing the environment for SME owners. Thomas believes the astute SME owner would strive to stay abreast of these developments, in important areas such as real-time access to funding, cash-flow analysis and easy-use transactional accounts, because these options stand to make their business operations so much more streamlined and their lives that much less stressful.

“When technology-enabled, customer-first innovation drives the creation of financial services, you can bet there’s going to be a seismic shift in how SMEs are serviced going forward. They’ll be empowered to scale faster and cheaper than ever before,” says Thomas.



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“We’ve noted that solving an SME problem in minutes, rather than days or weeks, makes a fintech solution that much more compelling because customers can make more rapid progress. We’ve also found value in our customers’ financial data when, for example, looking at transaction categorization and payment patterns. This assists us with fintech design and delivery, but also helps customers better understand their own businesses; it really is a win-win, virtuous cycle.

“Lastly, our staff members – and the human touch they offer – cannot be underestimated. The vast majority of engagements with customers can be automated, but to secure that positive review, the fintech should melt into the background and be replaced by empathy and context when customers really need a human response,” he advises.

Thomas believes there are three key benefits fintech can offer SME

- Speed – Time is scarcer than cash flow for an SME, and fintech that can assess and disburse credit instantly solves a fundamental challenge for this market.
- Creating context with data – Data is an asset that, when intelligently analyzed and presented, enables owners to fully understand their business and make better decisions.
- Personalization While most customer engagements can be automated, fintech providers that are winning in their space know at which points a real person should be on hand to interact with the customer.

“And that’s just the tip of the iceberg,”

“SMEs are the lifeblood of our country with the massive contribution they make towards employment and GDP. But there’s still a ton of rethinking to be done on how fintech can best serve them and their businesses going forward.”