

PE consortium wins SME finance guide tender

A Port Elizabeth-based company, Finfind, has won a national tender to roll out finfind, which is a web-based guide to finance for small businesses. The tender was won in the face of competition from around the country.

The finfind programme was developed with support from USAID after access to finance was identified as one of the biggest challenges facing small-to-medium businesses, according to Kirsten Kennedy, SME Business Services Specialist for USAID's Financial Services Sector Program.

According to Kennedy, Finfind was awarded the tender because it "understands the SME market, and has a strong information technology capability".

Partners in Finfind are Ricardo Dames of Real Development, Maynard Geisha of Phathost, Barry Wiseman of Engeli Finance Solutions, and Wayne Oosthuizen, GM of Engeli Enterprise Development. Finfind has begun recruiting consultants and the first workshop was held in Port Elizabeth in the first week of March, according to Oosthuizen.

The web-based finfind programme goes live at the end of March.

A structured approach

"The system takes a structured approach in order to understand the business and identify its financial needs - and then to identify the most cost-effective solution. In fact, one of the first questions we ask is: 'Do you need finance or is there not another solution?'

"Because our consultants do not work for any financial institution, they are not limited by what they can offer," said Oosthuizen.

"There are many alternatives to bank finance for a small business - such as niche SME lenders, government agencies and non-bank financial intermediaries," added Kennedy.

Improve access to finance for SMEs

USAID established the Financial Sector Programme in 2008 in order to improve access to finance for small and medium companies. "Our research found that there was very little information available to guide SMEs on how to finance their businesses. There is a lot of consumer marketing material issued by the different financial institutions, but it does not address the needs of small business," she said.

Lack of access to credit is recognised as one of the biggest challenges facing SMEs.

The World Bank in its Investment Climate Assessment states that "access to finance topped the list of reported obstacles to growth by micro and small enterprises." The Financial Sector Program developed and tested finfind, in consultation with the Institute of Business Advisors and the South African Institute of the Professional Accountants (SAIPA).

A step-by-step consulting tool

The result is a step-by-step consulting tool which "provides more than 50 modules of information", and helps identify the most cost-effective means of meeting the financing needs of a business, according to Oosthuizen.

More than 30 institutions are already on the system, and more are being added. They range from conventional banks to niche SME lenders and non-bank financial intermediaries. There is also information on the different government incentives and schemes.

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