

Experian and NSBC partner to help South African SMEs improve their financial health

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Experian and the National Small Business Chamber (NSBC) have announced a new programme to improve the financial fitness of Small and Medium-sized Enterprises (SMEs).



The campaign focuses on SMEs' financial and credit health, helping them improve their financial security following the impact of the pandemic.

"We are extremely excited to launch a '[How to become financially fit](#)' campaign in partnership with Experian, one of the leading credit bureaus, where we can equip SMEs with key tips and strategies to assist them in understanding their financial and credit health. The aim is to empower them to understand the impact of both their personal and business credit profiles on their business's reputation and ultimately their ability to access the funding required to maintain and grow their businesses," comments Mike Anderson, CEO NSBC Africa.

Ferdie Pieterse, CEO Experian Africa said, "Many SMEs are harming their chances of gaining access to credit, getting better deals from suppliers, and securing additional funding to help grow their business due to a lack of awareness and understanding of their business credit profile. Working alongside the NSBC, we aim to educate, encourage and assist SMEs to become credit worthy. The programme aims to provide tangible ways to help improve financial health, help SMEs overcome the financial difficulties that have resulted from the effects of the pandemic and kick-start people on the road to recovery."

As part of this financial education drive, the NSBC will host a series of webinars supported by Experian, with topics ranging from how to improve both your personal and business credit profiles, managing your cash flow, understanding what credit providers are looking for as well as protecting your own business from credit risk. The [webinars](#) are open to all NSBC members and will kick off on [28 January 2022](#) and run until the end of March.

Access to finance is crucial for SMEs to succeed

According to a recent study by the Department of Small Business Development, SMEs are often found to be the least robust during times of crisis. This is due to the fact that they do not have large funding reserves, client bases, and commercial pressure management capabilities compared to larger enterprises. This has resulted in businesses requiring finance to see them through extended periods of low turnover and cash flow.

Prior to the pandemic the country's micro-businesses were already facing severe challenges. A stagnant economy, combined with repeated downgrades in credit ratings, has had a negative impact on SMEs, and the impact due to Covid-19 is likely to exacerbate these trends, noted the study.

During tough economic times small businesses may find it more difficult than usual to access credit as the risks associated with borrowing increase. Banks and traditional loan providers will scrutinise the applicant's credit history more intensely than usual to gain a full understanding of the business' financial health and ability to service debt.

According to the 2021 National Small Business Survey*, access to finance was listed as one of the most important areas for SMEs to succeed and prosper. Some of the biggest obstacles holding their business back from growing included poor cash flow as well as scaling to meet the needs of clients. Financial management was also listed in the top four areas that SMEs require assistance with.

The importance of understanding your business credit profile

A business credit profile forms a key part of the decision-making process for lenders and service providers. Whether a small business is applying for finance with a lender, credit with another business, competing for a supplier contract or simply trying to get a good deal on their business mobile contract, they need to understand that their business credit profile will play a role. That is why it is vital that they understand what their credit profile is saying about their business, their creditworthiness and how these suppliers, clients and lenders view their business.

Anderson adds, "Small businesses are under enormous strain in the current environment. As the backbone of the South African economy, any challenges faced amongst these enterprises may have far-reaching implications on the country's unemployment. We need to ensure that we support SMEs to stay in business and become more resilient to economic disruptions as they continue to be a driving force of inclusive economic growth and job creation in the country."

For more information on 'How to get financially fit' visit www.nsbcafrica.com.

*National Small Business Survey: In the 4th quarter of every year, the National Small Business Survey, is conducted by the NSBC. The aim of the survey is to understand the challenges and needs of this all-important community.

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