



Digital-first SME banking

ABA Annual Conference, Taiwan 25/08/2021

Datuk Michael Lor
Senior Advisor, APAC

What is Efma?

Our purpose is to support our members and create a strong community based on expertise and skills.
Our mission is to provide community intelligence to optimize, innovate and transform by recognizing our members' best practices and connecting them.

Among **our global community**:



Created in 1971 as an exclusive community for financial services professionals.

Currently chaired by Jean-Marc Pailhol - Allianz

120
Financial groups members

133
Countries represented

About me

Datuk Michael Lor
Efma Senior Advisor

Michael has built a distinguish track-record of over 33 years across the Southeast Asian region as a senior-level banker with extensive focus in strategic business transformation, risk management and corporate governance; organization and human capital development.

He is presently an **Advisor to the Ministry of Economy and Finance, Cambodia**; where he led the development of the Strategic Frameworks for the SME Bank of Cambodia, the SME Sector Rejuvenation Initiative, and the Credit Guarantee Corporation of Cambodia, respectively.

During his professional career, Michael had been involved in both the banking and technology industries; and have led businesses in Singapore, Thailand, Malaysia, Cambodia, Laos, Myanmar and China, respectively.



Digital transformation of SME banking

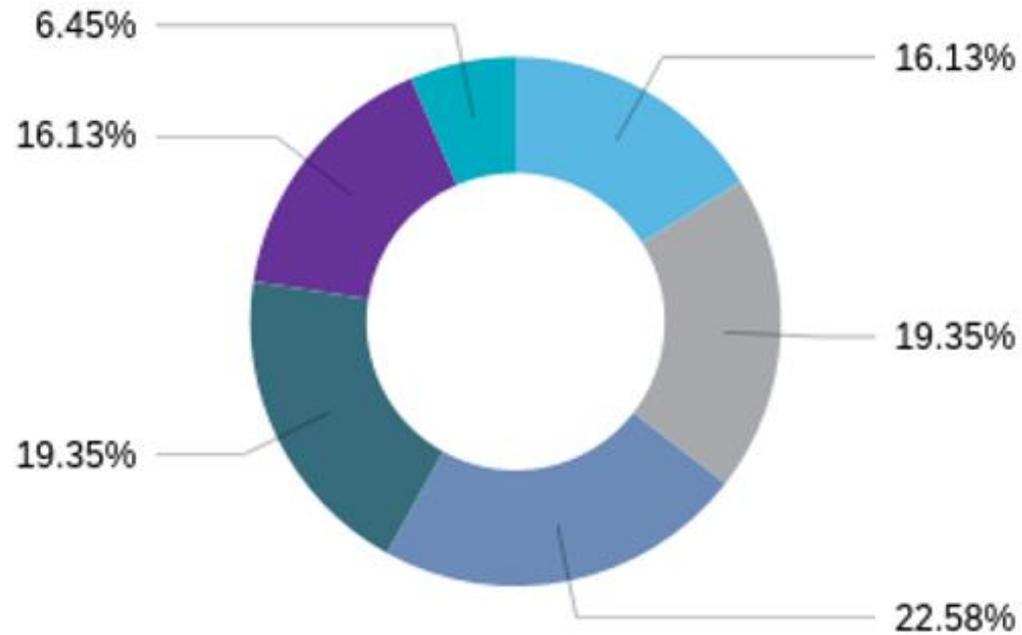
SME banking is on the edge of fundamental changes that reveal the need for transformation. The winning models represent market positioning around **being an integrated solution partner for SMEs** and **helping SMEs in their digitization**.

This value position has certain enablers and in the new era the following will be the area of differentiation in SME banking:

- Fintech collaboration with open banking
- Cultivation of data
- Adoption of changing needs and behaviors of SMEs
- Recruiting design and technology-oriented profiles
- More focus on artificial intelligence

Source: [Efma 'SME Banking in Turkey: Customer first' report, May 2021](#)

Opportunities for growth in SME banking



What are the growth areas in SME banking in your institution?

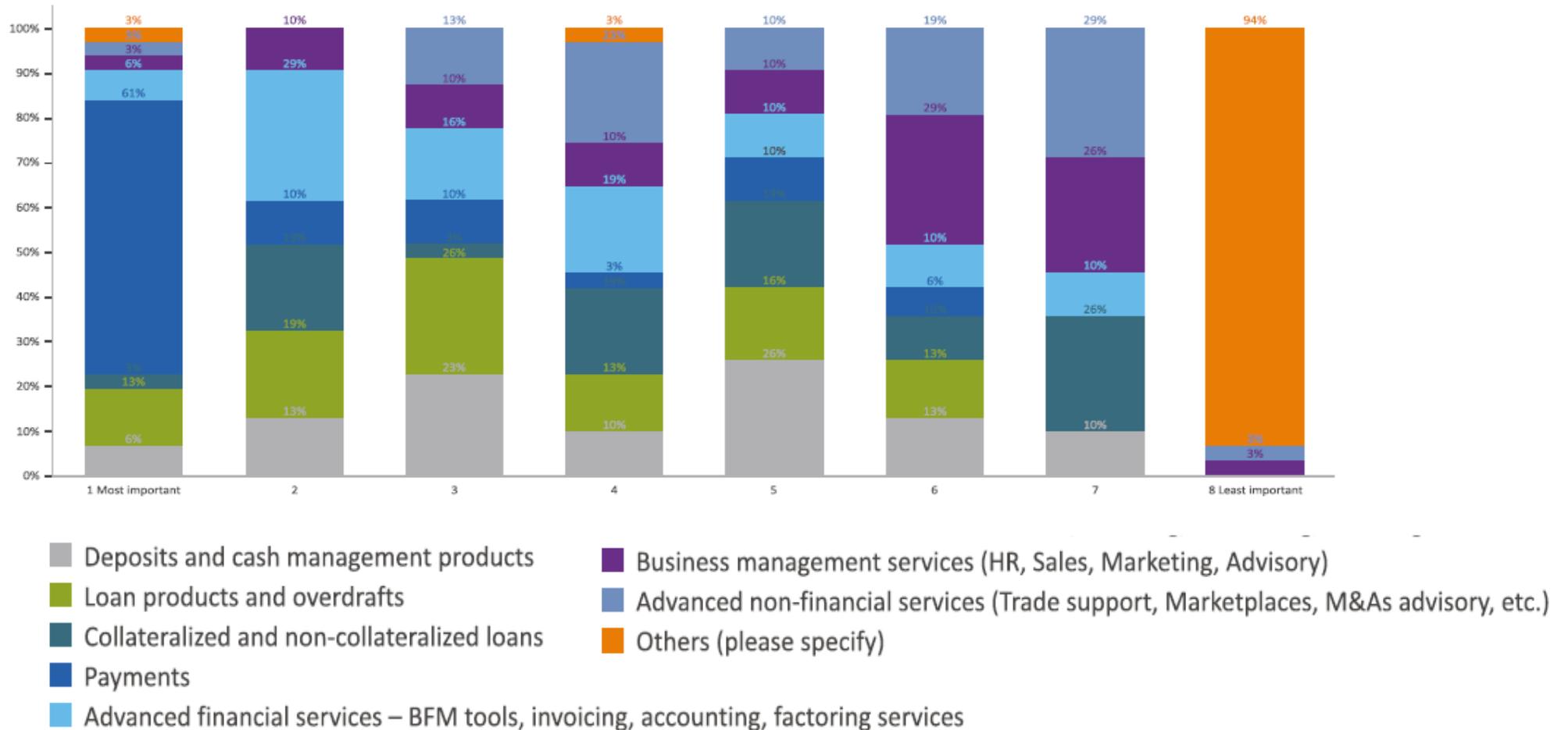
- Deposits and cash management products
- Collateralized term loan products
- Non-Collateralized term loan products
- Working capital loans
- Payments
- Advanced financial services - BFM tools, invoicing, accounting, factoring services

63% of respondents listed various types of loan products as the primary growth area in SME banking at their institution.

Source: [Efma-FintechOS 'Digital-first SME banking' report, June 2021](#)

Challenges from fintech competition

In what areas do banks feel the greatest competition from Fintech in the SME banking market? (1 - most important, 8 - least important)



Partnering to meet the ever-evolving SMEs' needs

“If someone has a better solution, don't try to build it yourself but partner with a company that has already developed a solution to the problem.”

Jack de Mooij

Head of SME at **Rabobank**

Banks are collaborating with a variety of external parties to deliver the tools businesses need to scale and grow.

- Bank + fintechs
- Bank + payment providers
- Banks + banks
- Banks + big techs

Source: [Efma 'Better together: Holistic SME banking solutions' report, May 2021](#)

The next step: creating beyond banking services

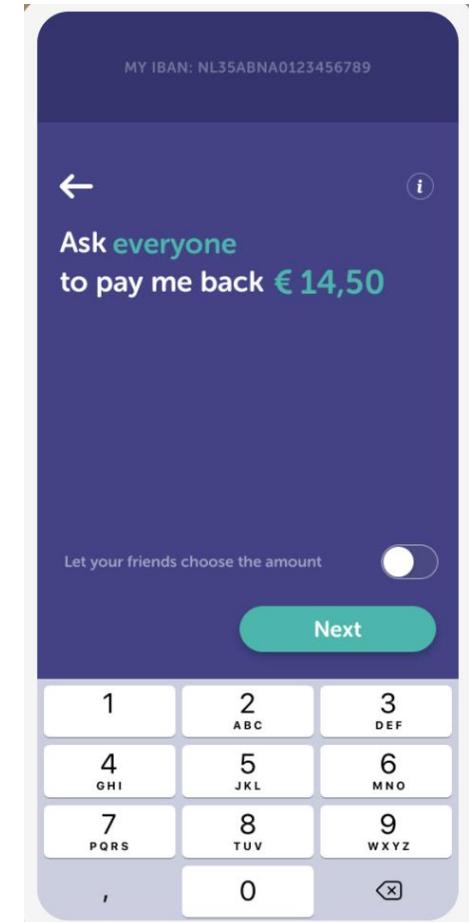
- Account reconciliation of transactions by ERP integrations
- Providing easy access to e-invoice, e-archive, e-ledger, etc.
- Providing software for HR management, inventory management, pre-accounting
- Account aggregation and cash management services in collaboration with fintechs
- Online advisory services and online training for SMEs
- Self-service merchant platforms to create their own campaigns
- Expense management tools
- e-Store opening
- B2B ecosystems

Source: [Efma 'SME Banking in Turkey: Customer first' report, May 2021](#)

ABN AMRO: developing products just for SMEs

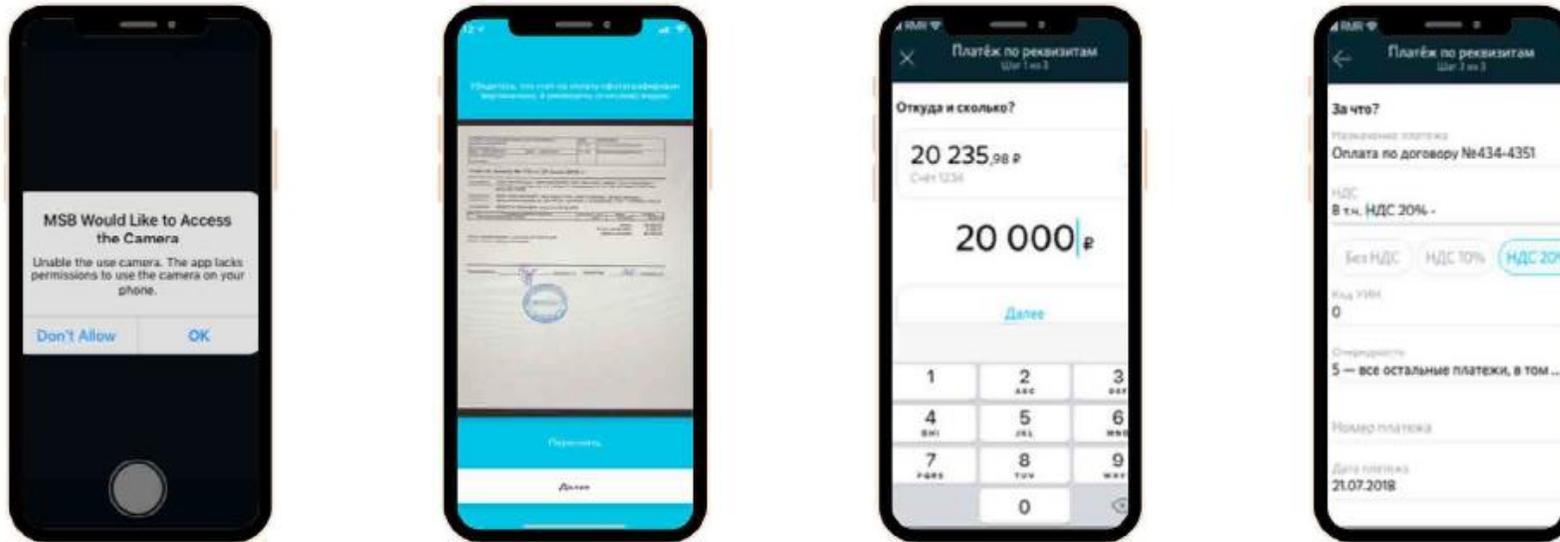
ABN AMRO wants to serve its clients as a personal bank in the digital age.

- **New10** is a 100% digital funding platform for SMEs, also used to rapidly process Covid-19 emergency credit requests with government guarantees.
- **Tikkie Zakelijk** is a WhatsApp-based payment channel for which the bank has developed a range of business applications. For instance, setting up creative cash-back promotions, creating new methods to facilitate quick and contactless payments.
- **Doorpakken** is an online support platform that also provides accessible solutions for entrepreneurs, including VraagHugo, to easily draw up legal document templates online, SnelBetaald (factoring), and Tikkie for companies to facilitate payment.



Source: [Efma.com](https://www.efma.com)

Bank Otkritie + TAIGER: a seamless payment solution



TAIGER, an artificial intelligent scaleup based in Singapore, helped one of the biggest banks in Russia, **Bank Otkritie**, deploy AI to read and process invoices to help their SME clients make easy payments through their mobile application, creating an efficient and frictionless customer experience.

Source: [Efma 'Better together: Holistic SME banking solutions' report, May 2021](#)

Mastercard + vCita: learning tools for SMEs



Mastercard and **vCita** have teamed up to provide entrepreneurs and business owners with learning tools to help navigate the often complex path toward business success.

Business Unusual is a complete CRM and learning solution enabling micro & small companies to better manage and run their business by giving them a suite of tools that can be accessed via one single application

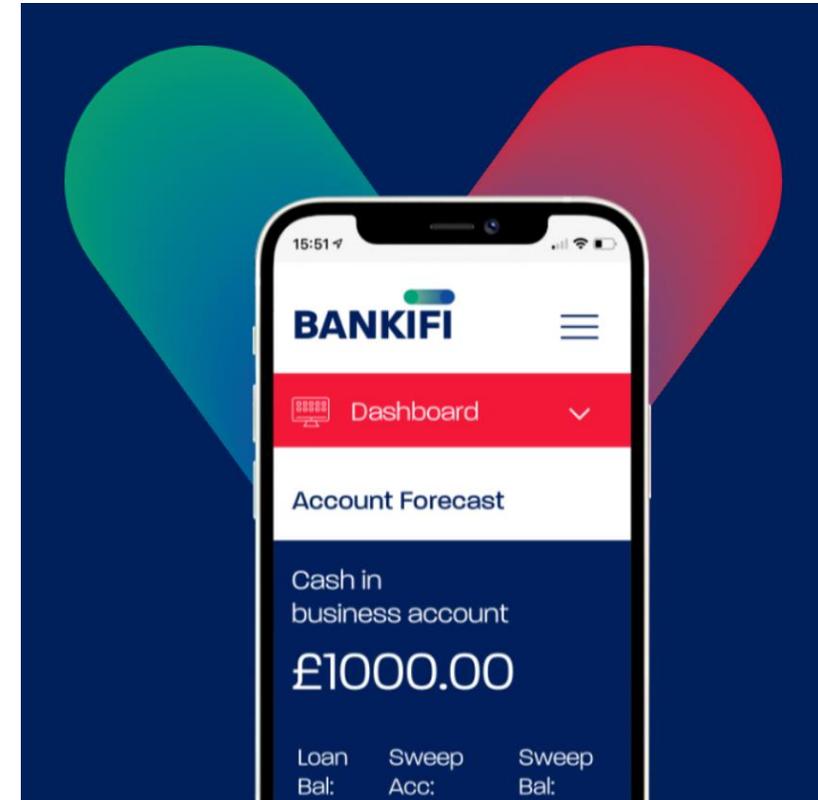
Source: [Efma 'Better together: Holistic SME banking solutions' report, May 2021](#)

Nationwide-BankiFi: a business management platform

BankiFi is enabling banks to bring a more holistic offering to their business customers by transforming the mobile and internet banking channels from something that is purely transactional to somewhere businesses can turn to for all of their needs. BankiFi also adds invoicing, accounting, cash forecasting and working capital optimization into those channels to sit alongside payments and transaction histories.

Nationwide can now offer additional services to business customers as part of the account, such as accounting, invoicing, payments, VAT submission, lending and banking services.

Sources: [Efma FintechVisor](#) and [Efma.com](#)



Square Banking, a suite of financial tools for SMEs

Square Banking consists of three core products designed to help small business owners confidently manage cash flow stress: two new deposit accounts, Square Savings and Square Checking, join Square's existing lending capability, now called Square Loans.

By offering essential banking tools that work seamlessly with Square's ecosystem of solutions like payments and Square Payroll, sellers now have a single home for their entire business, gaining a unified view of their payments, account balances, expenditures, and financing options.

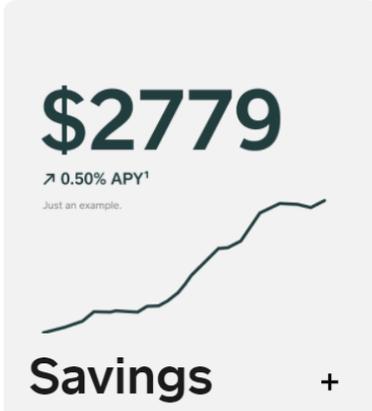


Spend and access money instantly from your Square sales with your Square Checking and Debit Card.

No monthly fees, credit checks, or long applications.

Send money in and out of your account using your account and routing numbers.

Checking **Learn more →**

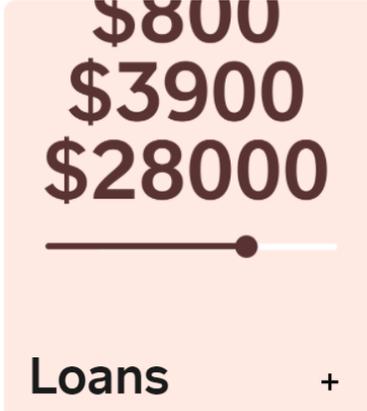


\$2779

↗ 0.50% APY¹

Just an example.

Savings +



\$800

\$3900

\$28000

Loans +

Source: [Efma.com](https://efma.com)

Join the Efma SME Banking Community



What is the SME Banking Community?

At Efma, we have created a thriving community of SME bankers. Led by Lukas Dzuoska, this community is centered around the sharing of best practices, with podcasts, virtual events, and articles all facilitating knowledge sharing in this critical space. By speaking with leaders in the SME banking world and highlighting the ways business banking is evolving, we are helping to advance this community.

Want to become a member?

For now, anyone can be a part of this community. If you are interested to join your peers and help us in building a space where SME Bankers share and learn from each other, just contact us at lukas@efma.com or dorota@efma.com and we will gladly set up a short call to see how you personally can benefit from the community membership!

www.efma.com/community/sme



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www.efma.com/conference/16020-efma-sme-banking-awards-2021

Thanks

Any questions?

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