



SLICING THE SMALL BUSINESS PIE: Opportunities and Challenges in Segmenting MSEs

29 March 2023

Moderators



Sai Krishna Kumaraswamy

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Meet The Speakers



Timothy Ogden
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Ameer Parbhoo
Managing Partner, AVL



Evelyn Wangari
Head, Financial Services
Copia Global



Sasidhar Thumuluri
MD & CEO, SUB-K



Greta Bull
Director, BMGF

Agenda

09:00 – 09:15

Introductions and housekeeping,
CGAP frames discussions

09:15 – 10:15

Panelist presentations and Q&A

- Timothy Ogden
- Ameer Parbhoo
- Greta Bull
- Sasidhar Thumuluri
- Evelyn Wangari



Format



Round Robin styled discussion

1

Each panelist will have 5 minutes to make opening remarks

2

Audience will have 5 minutes for Q&A immediately following each panelist's remarks

3

Please use the Q&A box to ask questions

Logistics



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This is an audio broadcast. Attendee microphones will remain muted during the entire webinar session.



To ask questions during the webinar, please use the **chat box** on the right-hand side of the Webex session. Please submit your question at any time during the webinar presentation.



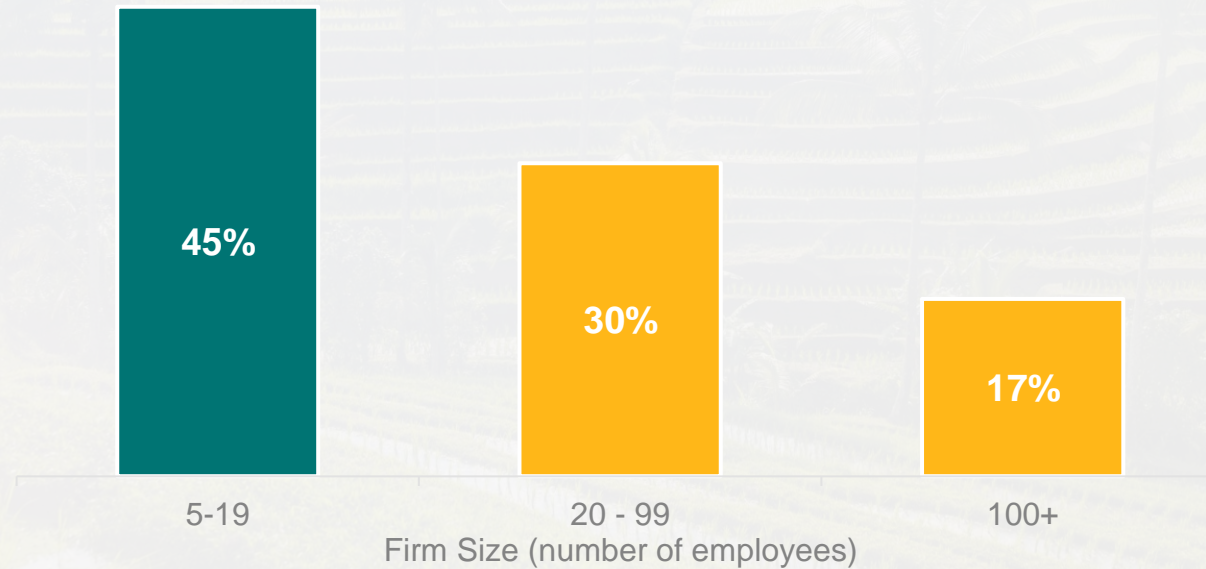
To ensure your question is seen by the moderator, select “**All Participants**” from the drop-down menu when sending your question.



The webinar recording will be emailed to all attendees and registrants.

MSEs are pathways to inclusive development

487M
MSEs in EMDEs

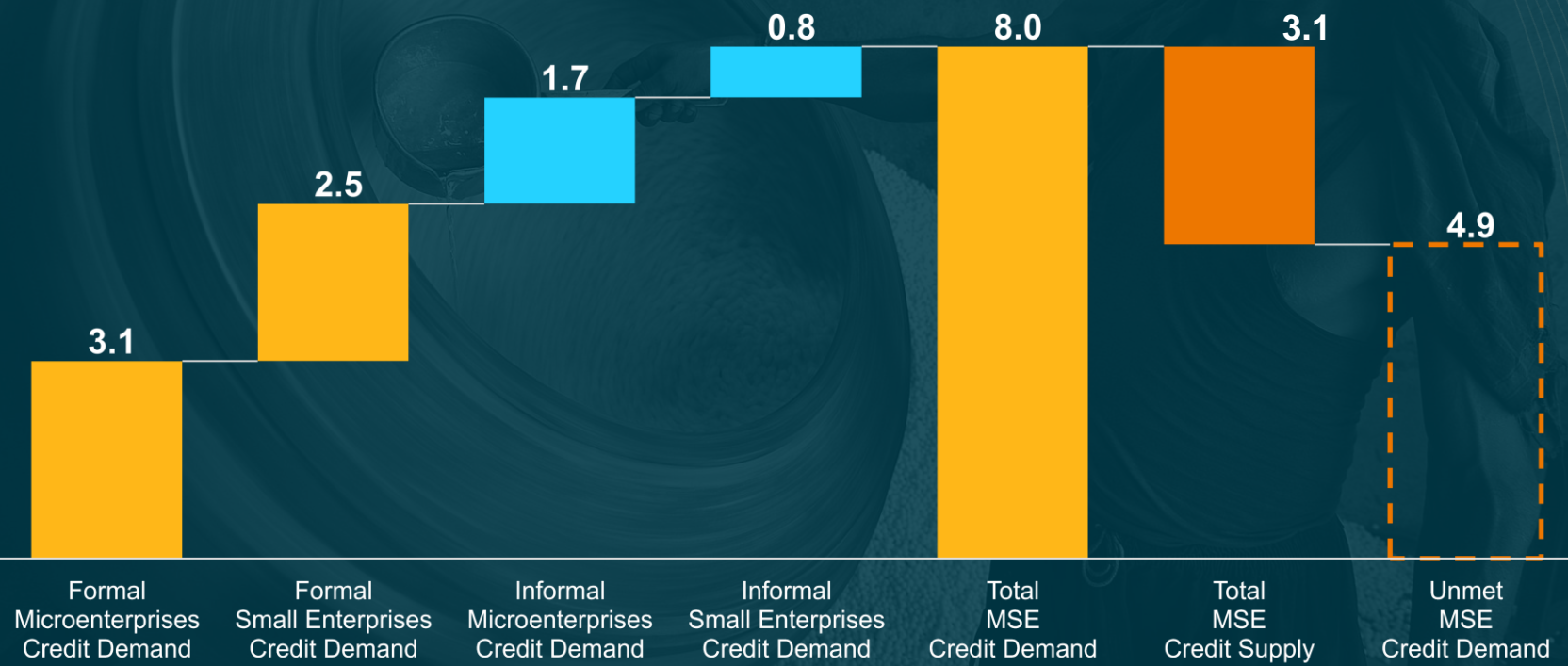


N = 85 countries, Ayyagari et al (2014)

Note: Ayyagari et al (2014) use World Bank Enterprise Survey data which excludes firms < 5 employees and informal sector firms

Yet, MSEs persistently struggle to access the financing they need

Estimated Global Micro and Small Enterprise Credit Gap (USD trillions)



Sources: Dalberg (2019), Bridging the credit gap for micro and small enterprises through digitally enabled financing models, IFC (2017), MSME Finance Gap

US\$ 4.9 trillion

Aggregate unmet credit demand from MSEs in emerging markets

US\$ 3.1 trillion

Total MSE credit supply

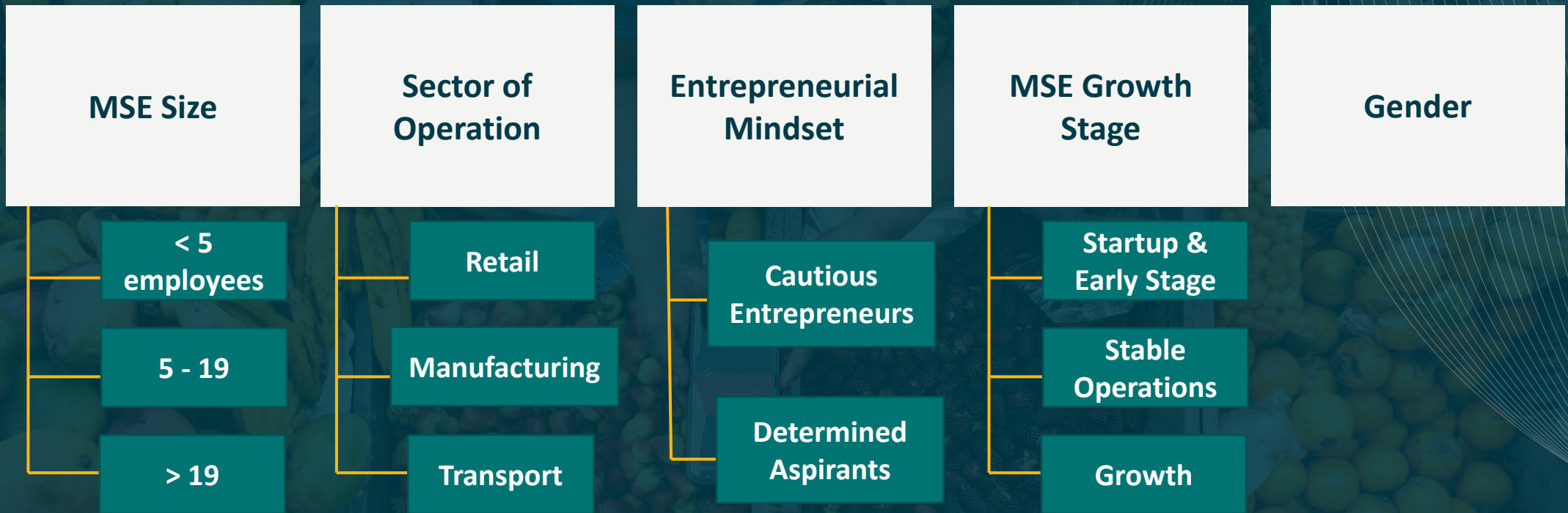
Lack of access to finance threatens the stability and growth of MSEs

Despite decades of efforts, the MSE credit gap remains persistently high

Part of the problem has been the tendency to look at MSEs as a monolith

To serve MSEs better, we first need to understand them better

CGAP conducted primary research, with ~400 MSEs in **India, Kenya and Peru** to better understand their financial and non-financial needs, segmenting them across 5 dimensions:



Illustrative insights from segmenting by sector

	Retail	Manufacturing	Transport
Barriers to entry	Low	High	Low
Dominant type of MSE encountered	Subsistence	Growth oriented	Growth oriented
Share of women owned MSEs	High	Low	Low
Lifecycle capital needs	Low upfront, High recurring	High (industrial), Low (artisanal), throughout	High upfront, Low recurring
Use of formal financial services	Low at outset, Moderate recurring	High at outset, Moderate recurring	High at outset
Use of formal credit	Low	Low	High
Adoption of digital payments	High	Moderate	Moderate
Attitudes towards digital credit	Cautiously favorable (less so among WMSEs)	Cautiously favorable	Not favorable
Digitization readiness	High	Low	Moderate



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