

Using Digital Financial Services for SMEs' financial health: an example

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## Digital Services for SMEs' Financial Health

“Financial health” – building customers’ long-term resilience through systematic day-to-day support – is one of the many buzzwords across banking and development sectors. But what does it have to do with digital financial services?

Financial institutions can deliver timely data and value-add services to customers by leveraging new advances in technology to enhance their existing digital services. The benefit to clients: value delivered throughout their production cycle. The result for financial institutions: increased loyalty, a customer segment positioned for long-term stability, and access to businesses along entire value chains. **The time to act is now: the gap is only widening between digitally enabled institutions and those that are not.**

As a follow-up to CapPlus’ webinar series [Digital Financial Services for SMEs](#) by CapPlus’ Digital Lead Andrew Lake, we want to share an example of how this works for SME-focused institutions. This particular example is in agribusiness but can be generalized to any other SME segment.

In agribusiness, a financial health digital platform can benefit the smallholder farmer in at least three ways: delivering advice from agriculture experts, saving time and money, and optimizing selling prices. For example, a digital platform could deliver the following services throughout the production cycle:

1. Deciding what to plant
  - o Advice: Independent experts recommend which varieties will succeed at the farm's location
  - o Advice: Prospective buyers know what crops are in demand, and how demand is likely to shift
2. Planting
  - o Cost and time saving: Farmers order seeds and supplies on phone, arrange loan on phone
  - o Cost and time saving: Farmers arrange deliveries and payments via phone
  - o Advice: Farmers plant using best practice information from experts
3. Tending crop
  - o Advice: Experts are able to diagnose crop diseases based on photographs of leaves and stems
  - o Advice: Experts are able to provide guidance about normal crop progress under field conditions
4. Selling crop
  - o Cost and time saving: Prospective buyers know which farmers have which crops and what's due for harvest at a given time
  - o Retail price optimization: Photographs can be used to show quality of produce, supporting remote offer and acceptance
5. Delivering crop
  - o Cost and time saving: Farmers harvest crop and collect payment via phone
  - o Cost and time saving: Farmers arrange shared product transport with other farmers in area

Throughout the production cycle, the digital financial health system empowers and transfers more control to smallholder farmers, improving their profitability while making the financial institution an key partner in the value chain and generating data that the financial institution can integrate into future service offerings.

The key to a successful financial health system is focusing in on customers' specific needs and tailoring financial products to them, products that are so useful to the customers that they wouldn't dream of giving them up. Digital financial services provide a solution where financial institutions create a vertical platform to connect all of the relevant suppliers, expert advisors, and – perhaps most importantly – customers that can be of use to their SME clients.

Can your institution benefit from a more client-centric and system driven approach in the specific sectors you serve? Or do you need expert advice on how to roll out your own financial health platform, tailored to your customers' needs and your own organization? Contact Alkis Theodhori, CapPlus' Capacity Building Manager, at

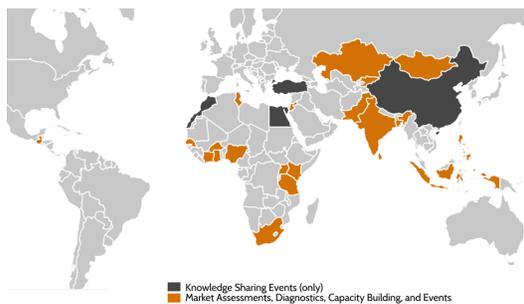
[atheodhori@capplus.org](mailto:atheodhori@capplus.org) to discuss in more detail how we can assist you in this next evolution of SME finance.

CapPlus Webinars on Digital Financial Services:

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An independent review of CapPlus' work with 26 financial institutions that was funded by the Swedish International Development Cooperation Agency (Sida) demonstrates strong results. We thank our partner financial institution and banking experts for these successes!

- **100%** of financial institutions improved quality and quantity of financial services to SMEs by at least 20% two years after CapPlus' services
- **100%** increased their lending to women clients within 2 years
- **95%** were satisfied or very satisfied with CapPlus' capacity building services
- **95%** would recommend CapPlus to other institutions

Please contact us at [lynn@capplus.org](mailto:lynn@capplus.org) to learn more about these results or discuss future opportunities.



**Register now for [CapPlus Webinar: Marketing Financial Services To Entrepreneurs Effectively and Affordably](#)**

Does your brand have a strong standing in your target market? This webinar, aimed at financial institutions seeking to become leaders in SME lending, shows how to become more effective in building visibility and appeal while keeping marketing costs affordable. The webinar provides examples of marketing to SME entrepreneurs, including to women entrepreneurs as a specific target segment, and covers:

- Elements of the marketing strategy
- Market analysis and segmentation
- Evaluating the product suite
- Brand differentiation
- Integrated, consistent communication and the role of digital marketing
- Marketing and financial education for innovative products channels and processes

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