

POTENTIAL

MARKET OPPORTUNITY

- Brand reputation in SME market
- Available mechanisms for monitoring SME customer needs
- Potential SME market size & prevailing or emergent trends
- Known characteristics of target SME market(s)
- Affinity to SME customer needs
- Competitor profiles & characteristics
- Perceived SME competitive advantage / distinction
- Availability of, or access to, new distribution channels & outreach capability

RESOURCE BASE

- Strong task orientation
- Internal structures for managing SME operations
- SME affinity & product knowledge
- SME-specific credit & risk management infrastructure
- Availability of additional funds to expand SME operations
- Suitable credit officers & support staff
- Available physical infrastructure required to expand SME operations
- Relevant institutional linkages

EXPERIENCE BASE

- Experience of:
- Tracking SME needs & responding
 - Working effectively with the SME market
 - Building relationships over time
 - Supporting SME growth
 - Promoting new SME products & services
 - Recruiting & training staff for new initiatives
 - Knowledge of the prevailing regulatory environment & track record of regulatory compliance

IDEAS BASE & CAPACITY TO MANAGE CHANGE

- Innovation & creativity
- Experience of new SME product & service development
- Experience of supporting SME growth
- Ability & commitment to manage change
- Available capacity (both infrastructure and staff)
- Access to new technology
- Ability to attract new talent
- Risk management capability
- Potential for strategic alliances & joint ventures



DEVELOPING AN SME BANKING STRATEGY WITHIN A FINANCIAL INSTITUTION

PERFORMANCE

PRODUCTS & SERVICES

- Defined target market
- Existing SME client profile & mix (i.e. segmentation)
- Existing SME market share
- Recent trends & changes in SME customer base
- Existing SME product offer & unique features
- Evidence of SME-friendly product performance in market place
- Existing SME pricing strategy
- Stage of SME product maturity & life-cycle
- Existing SME promotional & delivery channels

OPERATIONS & CONTROL

- SME policies & procedures
- SME credit & risk management processes
- Internal management
- Information systems & IT infrastructure
- Use of credit scoring and / or credit bureaux
- Efficiency in respect of SME client acquisition, maintenance & retention
- Collateral regime applied & recovery policy
- Quality of SME client portfolio
- Adequacy of information, planning & internal control mechanisms
- Goal setting, client tracking & monitoring

PEOPLE

- Existing talent pool (human capital – quality, skills, experience, attitude & flexibility)
- Capacity to recruit task-specific personnel
- SME client orientation
- SME relationship management capability
- Performance management
- Commitment to staff development – access to training & professional development
- Potential for career progression within SME banking context

FINANCIAL

- Overall financial stability & balance sheet strength
- Strong liquidity
- Capital adequacy
- Institutional profitability & return on investment
- Cost : income ratio
- Contribution of SME base to total institutional performance
- Current exposure to SME market
- Non performing loan (NPL) provision
- Financial performance: role in SME lending
- Overall fiscal management & sound budgetary control

LEADERSHIP, MANAGEMENT & GOVERNANCE

- Legal status – ability to take deposits & enter into binding credit arrangements
- Constitutional alignment to SME strategy
- Articulated SME vision
- Board structure – strength, capability & SME orientation
- Clear institutional commitment to SME market
- Senior management skills, abilities & commitment to SME market
- Planning capability & ability to implement
- Organisational structure
- Organisational culture