

EXCLUSIVE INTERVIEW



SME FINANCE
FORUM

“ Going from cash to digital payment and from paper to digital business contracts and transactions, is the key factor in improving MSME access to finance ”



Dr. Matthew Gamser CEO, SME Finance Forum International Finance Corporation (IFC)

Dr. Mathew Gamser has over 40 years of experience in private enterprise and financial sector development. He has worked for IFC, the private sector arm of the World Bank Group, for 16 years in various positions from Washington, DC, and Hong Kong, where he has focused on SME finance and financial sector development. Before that he spent 25 years in management consulting and senior leadership in an international NGO.

ICMA Pakistan: The SME Finance Forum is managed by the International Finance Corporation (IFC) to expand access to finance for small and medium businesses. Can you share briefly about the international membership network of the Forum, especially in South Asia, including Pakistan?

Matthew Gamser: Today there are over 230 banks, NBFIs, MFIs, fintech, development banks, and other types of institutions involved in SME financing in our global network, many of whom work in Pakistan and South Asia in general. Our Members Map at <https://www.smefinanceforum.org/members/member-list> reveals the 10 international and domestic institutions active in Pakistan,

although there are some others in the process of joining.

ICMA Pakistan: What are the key financial challenges faced by the global SMEs and how your Forum is playing a role in providing them access to finance to the SMEs in developing countries?

Matthew Gamser: SMEs in Pakistan and everywhere rank getting access to finance as one of their top challenges. Whether it's providing working capital credit for short-term opportunities, or longer-term finance for innovation, growth, and greater sustainability, the financial sector has struggled with the SME market.

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However, technological advances, particularly in the digitalization of business and of financing itself, open up many new opportunities. The SME Finance Forum helps the finance industry to accelerate the adoption of these advances, by enabling our members to learn from each other, link to new business/partnership opportunities, and lead the industry voice in policy dialogue to improve the enabling environment for responsible innovations.

ICMA Pakistan: How important is the digital transformation of MSMEs in present times and what steps the SME Finance Forum has taken to create MSME's digital infrastructure and ecosystem for financial services?

Matthew Gamser: As noted above, going from cash to digital payment and from paper to digital business contracts and transactions, is the key factor in improving MSME access to finance. The greater the digital footprint an MSME has, the easier its financial demands and risks can be assessed, both by financiers and by entrepreneurs.

The SME Finance Forum has been on top of all the major digital innovations going on in SME financing; helping global leaders share their experiences with others, and encouraging replication. We also, through our relationship with the G20, APEC, the Basel Institutions, and other global and regional policymaking bodies, have helped encourage governments to improve the common infrastructure of financial markets to promote digital progress in particular improving credit information and movable assets/secured transactions regimes. The G20's SME Finance Action Plan contains strong commitments to continued policy reform and infrastructure building in these areas, for example.

ICMA Pakistan: How SME Finance Forum can assist the SMEs and Small businesses in Pakistan in collaboration with the relevant stakeholders, to provide them the opportunity for growth and development?

Matthew Gamser: As for all countries in which we work, the more the finance industry from Pakistan can participate in the SME Finance Forum's knowledge sharing, networking promotion, and public-private dialogue activities, the more quickly it will become aware of successful practices both from the region and from elsewhere. This should accelerate local innovation and improve SME access to finance. I would particularly encourage Pakistani financiers

and service providers to the financial sector to register for our Global SME Finance Forum 18-21 October, which will focus on a key cutting-edge issue, Greening SME Finance. Information for this virtual conference and registration is available at <https://www.globalsmefinanceforum.org/2021/>.

ICMA Pakistan: How ICMA Pakistan and SME Finance Forum can work together to facilitate the Pakistani small businesses to have access to international financing sources?

Matthew Gamser: The more ICMA's members can be aware of digital technologies and how they can be applied both in financial institutions and in MSMEs themselves, the more ICMA Pakistan can promote progress in this area – for example, in finding ways to expand digital platforms for B2B transactions and link these to risk management for financial institutions, financial management for MSMEs, and compliance management for tax and other obligations for governments. The more ICMA Pakistan members can come to understand the real factors that influence risk in MSME financing, and the more they can encourage both bankers and regulators to move away from a fixation on fixed collateral, cash deposits, and other less useful factors, the quicker the progress that can be made in opening up new access to finance.

ICMA Pakistan: What is your viewpoint on the proposal of collaboration between SME Finance Forum and ICMA Pakistan to organize webinars to promote knowledge exchange on financing sources and the latest trends in SMEs worldwide?

Matthew Gamser: I wish that I could agree to do webinars with every association in every country that asks, but as a global institution run by a small, very hard-working team, I'm afraid we cannot respond every time we are asked. However, we are always happy to see if members of our global network, particularly those with relevant knowledge for the topic in question, might be able to support ICMA Pakistan and others working to promote knowledge exchange.

The Editorial Board thanks Dr. Matthew Gamser, CEO, SME Finance Forum, International Finance Corporation (IFC) for giving his exclusive interview for Management Accountant Journal.