enza Payments liberated

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Pioneering insights in banking and fintech

The SME growth opportunity

How modern payment tools can unlock the next era of African banking

Shifting gears, driving growth

Small businesses are the engines of most economies in Africa, providing jobs or self-employment for hundreds of millions of people. So it's only natural that they are the best customers of African banks, right?

Not at all. Most SMEs deal mostly in cash, don't keep great records, and don't produce the neatly organised and categorised data that banks require. So they struggle to meet bank criteria for lending and other financial services. But there is a solution, which can open great opportunities for the greatest number of people: adopting digital payments.

The gap between the economic potential of SMEs and actual bank funding represents one of the continent's most significant growth opportunities. What will make it possible for banks to serve this market in a way that works for the entire ecosystem? In the past, traditional approaches have struggled with the on-the-ground realities of how small businesses operate. Now newer payment approaches and tools are creating the first real shift in years.

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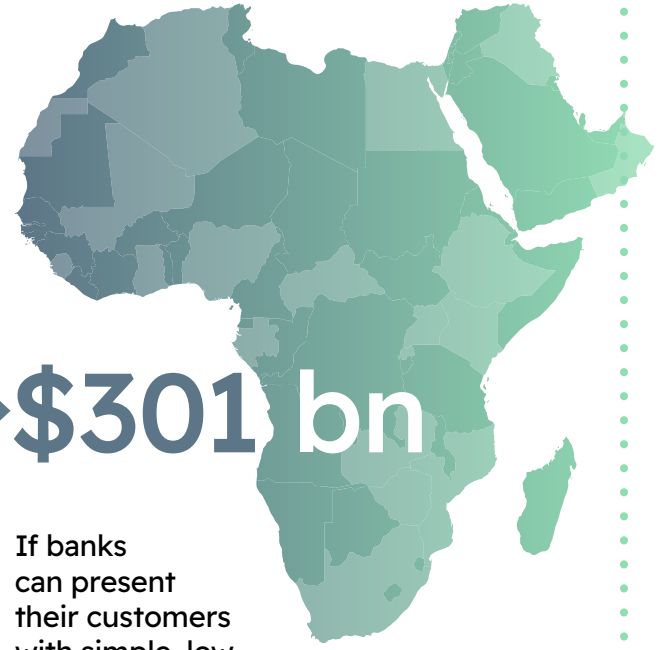
SMEs anchor Africa's economies but remain under-served

The scale of the SME opportunity is enormous

SMEs trade in every industry and geography across Africa. They create jobs quickly and respond with agility to shifts in demand. But their financial needs do not always match traditional banking models because most operate with thin margins, limited collateral, and seasonal or unpredictable cash flows. Many operate entirely in cash, so they can't provide the type of data that helps them access credit.

Historically, this has made SME banking challenging. A combination of structural factors means that traditionally banks have found this a difficult sector to serve. Challenges such as high cost-to-serve models, collateral-heavy underwriting, and limited visibility into day-to-day trading activity make SMEs unfeasible clients for most banks. Lending processes are slow, and SMEs need credit in a timely manner. They're more likely to accept an instant loan from a telco or a digital credit provider. Without better data and cost-efficient ways to engage the segment at scale, bank SME programmes have struggled to gain traction.

Yet for sub-Saharan Africa alone, the World Bank calculates the SME finance gap of 2025 at $301 billion, with unmet demand of $56 billion in the formal sector and $245 billion in the informal sector. And it's timely credit that is important: most businesses fail because of cash-flow issues, which credit can smooth out.



If banks can present their customers with simple, low-friction financial tools to help them run their businesses more easily, they'll be able to engage far more deeply with the vibrant SME sector. Digitising payment acceptance is the first step.

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The acceptance unlock: a better route into SME relationships

For years, electronic payments acceptance was restricted to formal businesses with steady turnover. Traditional card-based acquiring was expensive and operationally heavy. Terminals had to be deployed and managed. Pricing, settlement, and compliance processes weren't designed for micro-traders, informal entrepreneurs, or small service businesses, and the cost was simply prohibitive.

As a result, most SMEs don't have a relationship with a bank. Payments pass through cash, mobile money, or informal channels so banks have no visibility of cash flow, and no way to understand these businesses, let alone support them and help them grow.

Modern payment acceptance changes this dynamic entirely. Account-to-account payments, domestic schemes, QR codes, SoftPOS, mobile-first tools, and online commerce give banks a simple way to meet SMEs where they are. Onboarding friction is reduced, and the barrier to entry drops. Crucially for banks, the cost to profitably serve this critical market drops.

Payment acceptance services can bring SMEs onto the traditional banking playing field. Once payments flow through a bank, even in small volumes, the game changes for everyone.

When a business begins to receive even a small share of revenue through its bank account, the relationship between the bank and the business shifts. With regular payment flows, revenue patterns emerge, so banks get information that was previously unavailable or too costly to obtain. This is enough to start building a more accurate sense of the business and its needs.

Over time, this insight from steady payment activity supports more informed credit decisions, allowing banks to expand their service offerings to these clients. Credit, particularly when delivered in step with a business's capacity and cash flow, supports growth. In turn, this growth increases payment activity and strengthens the relationship between the bank and the business even further. It's a virtuous circle.

With payments as the flywheel, opportunity is unlocked for banks, SMEs, their communities, and entire economies.

What emerging-market SME banking leaders show us

Across emerging markets, we already have evidence that banks that rethink their SME relationships can build strong commercial franchises by using payment flows as the catalyst.

Let's give credit where it's due: telcos and mobile money operators have done tremendous work to educate people about digital financial services, creating the foundation for building a new ecosystem where banks can step up to provide better payments services and then better credit services.

South Africa > Capitec

Capitec's push into business banking offers the clearest local example. By simplifying payments and offering low, transparent acceptance fees, Capitec used payments as a strategic step to winning SME clients. This includes giving merchants a simple way to receive payments directly from customers' bank accounts without using cards, and its adoption by local payment gateways has widened Capitec's reach among smaller businesses. Once SMEs process their payments through the bank, Capitec can see patterns, understand behaviour, and extend its lending services to the SME business market with confidence. It illustrates how payment acceptance can open the door, and how a bank with the right model can sustainably scale lending to smaller businesses.

Bolivia > BancoSol

BancoSol began as a microfinance institution and evolved into a regulated commercial bank by building deep relationships with very small entrepreneurs, and training customers to use digital financial services. What differentiates its SME approach is not sophisticated credit scoring, but its ability to start small, grow with customers, and use transactional behaviour as a proxy for risk measurement and assessment. Its lending model relies on small, timely, short-duration loans that match the rhythm of daily and weekly trading. Repayment cycles are designed around actual cash turnover, not standard monthly schedules, which makes it easier for very small businesses to stay current. Its trajectory shows how an institution can move from microfinance to a full SME franchise by embracing the operational realities of small businesses.

Indonesia > BRI

BRI demonstrates what scale looks like. More than four out of five of its credit services go to MSME customers. With millions of micro and small customers across Indonesia, its model uses a huge physical distribution network of branches and agents alongside digital channels and financial literacy programmes to deliver targeted products, and supported by state-backed programmes that lower risk for lenders. BRI expanded its reach through Indonesia's national QR payment system, QRIS, which gave micro and small businesses a low-cost way to accept digital payments. This broadened BRI's visibility into customer activity and helped more small traders participate in the formal financial system. BRI shows that banks can make SME banking their core business, not a side segment, when the model is built for volume, simplicity, and cost efficiency.

Realities that shape the path forward

Despite the overwhelming opportunity, the reality is that the SME segment still has challenges that banks cannot ignore. Many SMEs prefer to remain partially, or entirely, outside the formal system due to tax exposure, cost pressures, or historical mistrust whether financial institutions truly act in their best interest. Sometimes it's simply that cash is still king.

Even digital-ready businesses often use cash for speed, simplicity and supplier payments. Few SMEs have detailed financial statements or credit histories, and many operate with volatile or seasonal cash flow. The cost of traditional underwriting is high, and small-ticket lending becomes unprofitable when processes are manual or collateral-driven. Finally, infrastructure varies by market, with connectivity, ID systems, interoperability, and regulation unevenly spread across the continent.

But none of these realities reduces the opportunity, and few are insurmountable. Indeed, payment tools help reduce several of these constraints by creating a simpler, more reliable link between SMEs and their banks. Payments reduce cash dependence, build transaction history, and lower engagement costs. It gives SMEs a safe, affordable entry point into the formal financial system without demanding radical shifts in behaviour, and with a tangible upside.

Why acceptance matters now

African banks are operating in an increasingly competitive environment where fintechs, mobile money operators, and digital-only players have captured large parts of the consumer and micro-merchant market, from payments and beyond to wider financial services. And while banks have the benefit of strong balance sheets and regulatory trust, they still have limited visibility into the day-to-day transactions that drive SME behaviour.

Modern payment acceptance can open that door. It positions banks at the centre of SME activity again and creates a data-rich picture that supports lending and other banking products and services including embedded finance services such as insurance or buy-now-pay-later. It also helps banks offer products SMEs will actually use: simple, reliable, affordable payment tools that work in cash-light and cash-heavy environments alike.

The opportunity is both commercial and developmental. Banks want to build a development mindset when dealing with SMEs. When banks serve SMEs well, jobs grow. Local economies strengthen. Women-led businesses gain stability. And domestic payment ecosystems get deeper and broader.

Where enza fits in

At enza, we believe that acceptance is the most powerful starting point for SME banking in Africa. By giving banks modern, multi-rail, locally relevant payment tools, from account-to-account and domestic schemes to QR and SoftPOS, we help them build relationships with SMEs that are simpler, more data-rich, and easier to scale.

Because when acceptance works, everything else becomes possible.

SME Finance: Key Facts

Over **90%** of businesses in Africa are SMEs

SMEs contribute more than **50%** of GDP in many African countries

SMEs account for around **80%** of employment in many African economies

US $ **5.7 trillion** Estimated global SME finance gap in emerging market and developing economies

US $ **301 billion** World Bank calculation of the SME finance gap in Sub-Saharan Africa alone

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About enza

enza empowers Africa's financial institutions with the innovation they need to compete, liberating the world of payments for more inclusive, opportunity-led commerce.

Founded in 2023, enza is headquartered in Abu Dhabi, with regional offices in Egypt, Nigeria and South Africa. It is led by the most successful and experienced team in African payments.

enza's innovative payment solutions deliver the flexibility and agility needed to increase competitiveness, capitalise on new markets, and develop new revenue streams through better serving consumer and business customers across Africa.

enza is liberating the world of payments for a more prosperous, financially-inclusive Africa, are you ready to join us?

enza Payments liberated

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About Lafferty

Lafferty Group provides independent global research, education, advisory services, and thought leadership councils to the banking industry worldwide.

Our focus is retail and consumer banking, SME and business banking, credit cards, digital finance, payments, mobile wallets, fintech, and bank quality benchmarking.

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