



Project on “Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework”

Training Course on “Building Institutional Capacity for Innovative SME Financing Models”

Virtual, 28-29 July 2026

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Building Institutional Capacity for Innovative SME Financing Models

Day 2 (29 July 2026)

FinTech-Enabled Lending, Islamic Finance Instruments, Credit Guarantees, Venture Capital, Angel Investment and Co-Investment Funds

Project

Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework

Project Partner Countries: Azerbaijan, Morocco, Türkiye, Pakistan, Jordan and Senegal

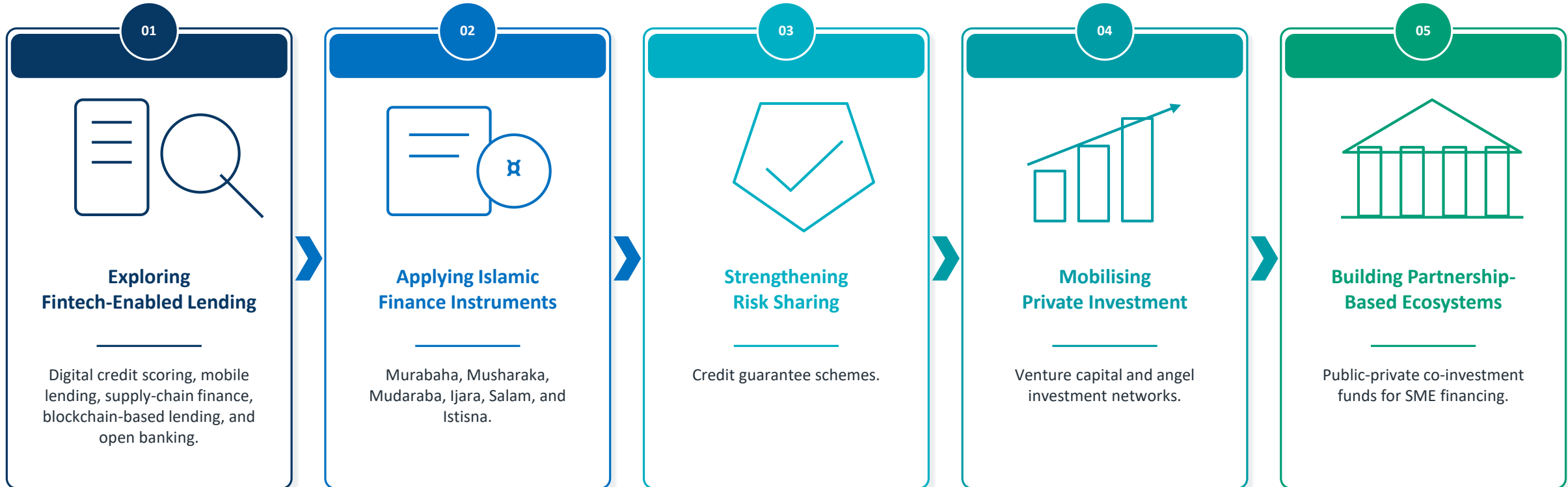
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Day 2 focuses on advanced financing solutions and institutional support mechanisms that can help SME development agencies expand access to finance beyond conventional lending.

Day 2 Roadmap

Advanced Financing Solutions and Institutional Support Mechanisms



Five fintech-enabled lending channels relevant for SME finance:

01

**Digital credit scoring using
alternative data analytics**

Improves credit assessment when conventional credit history or collateral is limited.

02

Mobile lending platforms

Reduces distance, paperwork, and delivery costs through digital access channels.

03

Supply chain finance

Links finance to invoices, receivables, purchase orders, and buyer–supplier relationships.

04

Blockchain-based lending

Can support traceability, transparency, and programmable financing structures where the legal and institutional setting allows.

05

Open banking services

Enables secure data sharing that can improve SME credit visibility and product matching.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; International Finance Corporation (IFC), Blockchain in Financial Services in Emerging Markets, Part I: Current Trends, 2017.

Alternative data can support SME credit assessment by making business activity more visible where conventional credit files are limited. The purpose is not to replace financial analysis, but to give finance providers additional evidence about cash flow, payment behaviour, transaction patterns, and business continuity.

Alternative data source	What it can show	SME finance relevance
Bank account transaction data	Cash inflows, cash outflows, seasonality, account balances, and payment regularity.	Helps assess operating activity and repayment capacity.
Digital payment records	Sales receipts, merchant payments, supplier payments, and customer transaction flows.	Provides evidence of ongoing business transactions.
Utility and bill payment data	Regularity of payments for electricity, water, telecom, rent, or other recurring obligations.	Can help indicate payment discipline where formal credit history is limited.

Source: International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; World Bank, The Use of Alternative Data in Credit Risk Assessment: Opportunities, Risks, and Challenges, 2025; Alliance for Financial Inclusion (AFI), Alternative Data for Credit Scoring, 2025.

Digital credit scoring can improve SME credit assessment, but its reliability depends on the quality, relevance, and interpretation of the data used.

The main institutional question is how alternative data and automated scoring can expand access while maintaining reliable and responsible credit assessment.

Risk / implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Data quality and relevance	Incomplete, outdated, inaccurate, or non-representative data can weaken the reliability of credit scores.	Use verified, relevant, regularly updated, and auditable data sources.
Business-context interpretation	Payment, platform, invoice, or wallet data may not fully reflect the SME's sector, seasonality, working-capital cycle, or shock exposure.	Combine alternative data with business logic, sector knowledge, and repayment-capacity assessment.

Digital credit scoring should therefore not be treated as a mechanical score. It should support credit judgement by helping finance providers understand SME activity more accurately.

Source: International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; World Bank, The Use of Alternative Data in Credit Risk Assessment: Opportunities, Risks, and Challenges, 2025; Alliance for Financial Inclusion (AFI), Alternative Data for Credit Scoring, 2025.

Digital scoring models should also be evaluated from the perspective of fairness, explainability, and SME protection. The objective is not only to expand access, but to expand access in a transparent and responsible way.

Risk / implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Fairness and inclusion	Automated scoring may unintentionally disadvantage smaller, informal, women-owned, rural, or digitally less visible firms.	Test scoring outcomes across borrower groups and avoid over-reliance on a single narrow data source.
Explainability and correction	SMEs may need to understand why a financing request is rejected or what information needs to be corrected.	Provide clear decision explanations, correction channels, and review or appeal mechanisms where appropriate.
Privacy, consent, and lawful use	Business or personal data may be sensitive and should be collected, shared, and used only under appropriate legal and consent frameworks.	Apply data protection rules, consent mechanisms, purpose limitation, and secure data-sharing protocols.

For SME development agencies, this means that digital credit scoring should be linked to borrower protection, clear communication, and mechanisms that allow SMEs to correct inaccurate or incomplete information.

Source: International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; World Bank, The Use of Alternative Data in Credit Risk Assessment: Opportunities, Risks, and Challenges, 2025; Alliance for Financial Inclusion (AFI), Alternative Data for Credit Scoring, 2025; International Committee on Credit Reporting (ICCR) and World Bank Group (WBG), Credit Scoring Approaches Guidelines, 2019.

Core feature	Meaning in SME finance
Digital access channel	SMEs can start or manage the financing process through mobile or digital interfaces.
Faster application process	Basic information, documents, or financing requests can be submitted digitally.
Lower physical access barriers	SMEs may need fewer branch visits, which can matter for smaller firms, rural firms, or time-constrained entrepreneurs.
Digital transaction records	Applications, disbursements, repayments, and communication can create records useful for monitoring and future assessment.
Platform-based delivery	Finance providers can combine lending with payment, wallet, account, or merchant transaction data where permitted.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit: Frontier Solutions for Authorities and Providers, Technical Guide, 2025; Consultative Group to Assist the Poor (CGAP), Consumer Protection in Digital Credit, 2017.

8 Mobile Lending Platforms: Platform Functions and SME Finance Relevance

PLATFORM FUNCTION	HOW IT WORKS IN PRACTICE	RELEVANCE FOR SME FINANCE
01 Digital onboarding	SMEs enter basic business, owner, identity, and contact information through a mobile or digital interface.	Reduces repeated physical branch visits and can make the first step of access easier.
02 Electronic know-your-customer and verification	Identity, registration, account, or wallet information is checked through digital or assisted-digital processes.	Supports faster verification while maintaining compliance and fraud-control requirements.
03 Mobile application and document submission	SMEs submit financing requests, basic documents, invoices, sales records, or transaction information digitally.	Helps reduce paperwork and allows finance providers to process small-ticket requests more efficiently.
04 Account, wallet, or payment integration	Financing and repayments may be connected to bank accounts, wallets, payment flows, or merchant transactions.	Creates observable transaction records that can support repayment tracking and future credit visibility.

These functions matter because mobile lending is not only a “remote application” channel. It can also become part of a wider digital finance infrastructure that connects SME identification, application, disbursement, repayment, records, and monitoring.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Global Partnership for Financial Inclusion (GPFI), G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains through Digital Public Infrastructure, 2023; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit for Financial Authorities and Providers, Technical Guide, 2025; Consultative Group to Assist the Poor (CGAP), Consumer Protection in Digital Credit, 2017.

After digital access and verification, mobile lending platforms also need to support repayment, communication, monitoring, and customer assistance.

Platform function	How it works in practice	Relevance for SME finance
Automated reminders and repayment tracking	The platform sends repayment reminders and records repayment behaviour over time.	Supports repayment discipline and portfolio monitoring.
Remote or assisted customer support	SMEs receive guidance through call centres, chat, agents, branches, or hybrid support channels.	Helps firms understand terms, repayment schedules, and required documentation.
Digital disclosure of terms	Financing cost, maturity, repayment dates, fees, penalties, and late-payment consequences are shown through the platform.	Helps SMEs compare financing terms and avoid misunderstanding the total repayment obligation.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit: Frontier Solutions for Authorities and Providers, Technical Guide, 2025; Consultative Group to Assist the Poor (CGAP), Consumer Protection in Digital Credit, 2017.

Platform function	How it works in practice	Relevance for SME finance
Complaint and correction channels	SMEs can raise questions, report errors, or request support through digital or assisted channels.	Supports borrower protection and improves trust in digital finance.
Service continuity and platform reliability	The platform must remain available, secure, and operational during application, disbursement, repayment, and support stages.	Reduces operational disruption and protects both SMEs and finance providers.

Mobile lending platforms are most useful when convenience is combined with clear information, repayment support, borrower protection, cybersecurity, and practical assistance for SMEs that may need help using digital channels.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit: Frontier Solutions for Authorities and Providers, Technical Guide, 2025; Consultative Group to Assist the Poor (CGAP), Consumer Protection in Digital Credit, 2017; Basel Committee on Banking Supervision (BCBS), Digitalisation of finance, 2024.

SME development agencies can play an important facilitating role by helping SMEs become financially and digitally ready, by working with regulated finance providers, and by supporting responsible use of digital finance channels.

Institutional role	Practical meaning for SME finance
SME financial readiness support	Help SMEs prepare basic records, cash-flow information, invoices, registration documents, and repayment plans.
Digital readiness support	Support SMEs in using digital applications, e-signatures, digital records, e-invoicing, accounts, wallets, or payment tools where relevant.
Referral and partnership role	Connect SMEs with regulated banks, microfinance institutions, fintech platforms, guarantee schemes, or digital finance providers.

This role is especially important because mobile lending is not only a technology issue. Its usefulness for SMEs depends on financial readiness, digital records, and clear product information.

Source: International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit: Frontier Solutions for Authorities and Providers, Technical Guide, 2025; Organisation for Economic Co-operation and Development (OECD), 2022 Updated G20/OECD High-Level Principles on SME Financing, 2022; Organisation for Economic Co-operation and Development (OECD), Financial Literacy and Digitalisation for MSMEs in South East Europe, 2023.

After SME readiness and partnerships, SME development agencies can also support the wider institutional conditions that make mobile lending more useful and responsible for SMEs.

Institutional role	Practical meaning for SME finance
Information and awareness role	Help SMEs understand financing costs, repayment schedules, fees, data use, and complaint channels.
Coordination with regulators and finance providers	Support dialogue on SME needs, responsible lending, data protection, digital inclusion, and product suitability.
Monitoring and feedback role	Collect feedback from SMEs about access, usability, transparency, repayment burden, and support needs.

For SME development agencies, the practical role is mainly facilitative and coordinative. They do not need to replace banks, fintech platforms, microfinance institutions, or regulators. Their contribution is to help ensure that mobile lending is better connected to SME support programmes, financial readiness, digital literacy, and responsible finance standards.

Source: International Finance Corporation (IFC), MSME Banking in the Digital Era, 2025; Consultative Group to Assist the Poor (CGAP), Responsible Digital Credit: Frontier Solutions for Authorities and Providers, Technical Guide, 2025; Consultative Group to Assist the Poor (CGAP), Consumer Protection in Digital Credit, 2017; Organisation for Economic Co-operation and Development (OECD), 2022 Updated G20/OECD High-Level Principles on SME Financing, 2022; Organisation for Economic Co-operation and Development (OECD), Financial Literacy and Digitalisation for MSMEs in South East Europe, 2023.

Supply chain finance is not a single product. It can include factoring, reverse factoring, invoice discounting, payables finance, receivables finance, distributor finance, or purchase-order-based finance.

Core idea	Meaning for SME finance
Reduced dependence on fixed-asset collateral	Verified receivables or buyer-confirmed obligations can support financing where traditional collateral is limited.
Digital processing potential	Digital platforms can help verify invoices, track transactions, and reduce processing time.
Multiple product forms	Different SCF techniques can finance receivables, payables, invoices, purchase orders, or buyer–supplier transactions.

Source: International Finance Corporation (IFC), Supply Chain Finance Knowledge Guide, 2019; World Bank, Technology and Digitization in Supply Chain Finance Handbook, 2021; Global Supply Chain Finance Forum (GSCFF), Standard Definitions for Techniques of Supply Chain Finance, 2016.

The usefulness of supply chain finance for SME finance depends on whether the underlying commercial transaction is real, verifiable, legally enforceable, and clearly documented.

Four linked risk areas

Invoice quality and fraud risk

Why it matters for SME finance

Duplicate invoices, fake invoices, disputed invoices, or weak documentation can undermine financing decisions.

Risk management measure / institutional requirement

Use invoice verification, buyer confirmation, e-invoicing, fraud controls, and audit trails.

Legal enforceability of receivables

Why it matters for SME finance

The finance provider needs clarity on whether receivables can be assigned, purchased, pledged, or collected.

Risk management measure / institutional requirement

Ensure clear legal rules on receivables, assignment, priority, and dispute resolution.

Disputed transactions

Why it matters for SME finance

If the buyer disputes delivery, quality, price, or contract terms, the receivable may not be paid as expected.

Risk management measure / institutional requirement

Use clear documentation, delivery confirmation, buyer approval, and dispute-resolution procedures.

Data reliability

Why it matters for SME finance

Digital records are useful only if invoices, purchase orders, payment data, and buyer confirmations are accurate.

Risk management measure / institutional requirement

Use reliable digital records, secure data-sharing systems, and periodic verification.

Supply chain finance can support SME working capital, but it should not rely only on the existence of an invoice or purchase order. The financing structure should confirm the quality of the transaction, the buyer's payment obligation, and the legal treatment of the receivable.

For SME development agencies, the role is to help SMEs and ecosystem actors use transaction-based finance more effectively and responsibly.

Institutional role	Practical meaning for SME finance
SME readiness support	Help SMEs improve registration, invoicing, bookkeeping, tax records, delivery documentation, and cash-flow planning.
Digital documentation support	Support SMEs in using e-invoicing, digital records, digital signatures, platform applications, and receivables documentation where available.
Buyer–supplier linkage support	Help SMEs understand how supplier relationships, buyer confirmation, and payment terms affect financing access.
Awareness and information role	Explain factoring, invoice discounting, reverse factoring, payables finance, recourse conditions, fees, and payment timing.
Coordination with finance providers	Support dialogue among SMEs, banks, factoring companies, fintech platforms, guarantee schemes, buyers, and regulators.

For SME development agencies, supply chain finance is especially relevant when SMEs have real commercial transactions but face liquidity pressure before payment is received. The agency's contribution is to help SMEs become ready to use invoice-based, receivables-based, and buyer-linked finance channels.

- Blockchain-based lending refers to financing models that use distributed ledger technology to record, verify, or automate selected parts of the lending process.
- For SME finance, the main point is not that blockchain replaces credit assessment. Its possible value is that it can support more transparent, traceable, and programmable records in specific financing contexts.
- Blockchain-based lending may be relevant when financing depends on verifiable transactions, digital identity, invoices, receivables, supply-chain records, asset records, or contractual obligations among several parties.

Core idea	Meaning for SME finance
Shared digital record	Authorised parties can access consistent transaction or asset-related information.
Traceability	Financing can be linked to recorded invoices, receivables, supply-chain events, or asset movements.
Programmability	Some contractual actions may be automated when predefined conditions are met.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; International Finance Corporation (IFC), Blockchain in Financial Services in Emerging Markets, Part I: Current Trends, 2017; Organisation for Economic Co-operation and Development (OECD), Blockchain for SMEs and Entrepreneurs in Italy, 2020.

Blockchain-based lending may be useful where SME finance involves several parties that need to rely on the same transaction or asset-related information. This can include SMEs, buyers, suppliers, finance providers, logistics firms, platform providers, and public authorities.

The main institutional value is coordination. A shared digital record can reduce the need for repeated manual verification when the same invoice, receivable, delivery record, asset record, or contractual obligation must be checked by different parties.

Institutional condition	Meaning for SME finance
Permissioned access	Only authorised parties should access relevant transaction or financing information.
Legal recognition	Digital records, tokenised claims, receivables, or smart-contract actions need legal clarity.
Data governance	The system must define who can enter, verify, correct, access, and use data.
Interoperability	Blockchain systems may need to connect with banking, payment, identity, invoicing, and public registry systems.

For SME finance, blockchain-based lending should therefore be treated as a specialised infrastructure option. Its value depends on whether it improves trust, verification, and coordination in a real financing process.

Blockchain-based lending should be assessed carefully before adoption in SME finance. The main issue is not whether the technology is innovative, but whether it improves the financing process in a legally clear, operationally reliable, and cost-effective way.

Risk /implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Legal enforceability	Digital records, tokenised receivables, or smart-contract actions may not automatically have clear legal status.	Clarify the legal treatment of digital records, receivables, collateral rights, contract execution, and dispute resolution.
Data accuracy	Blockchain can record information, but it does not guarantee that the original data entered into the system is correct.	Use reliable verification procedures before invoices, receivables, delivery records, or asset data are recorded.
Governance of shared records	Multiple parties may rely on the same ledger, but responsibilities for data entry, validation, correction, and access must be clear.	Define governance rules for data entry, validation authority, correction mechanisms, access rights, and accountability.
Privacy and confidentiality	SME transaction data, buyer relationships, financing terms, and commercial records may be sensitive.	Use permissioned access, data minimisation, encryption, and clear rules on who can see which information.

Blockchain-based lending can support SME finance only when the digital record is legally meaningful, accurately verified, and governed by clear institutional rules. Without these conditions, the technology may add complexity without reducing the core financing problem.

Blockchain-based lending also requires attention to technology design, operating cost, cybersecurity, and supervisory readiness. The model should be adopted only when it adds clear value to SME finance compared with conventional platform-based lending systems.

Risk /implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Technology and integration cost	Blockchain systems may be costly to develop, operate, and connect with existing banking, payment, invoicing, identity, and registry systems.	Assess whether blockchain adds value beyond simpler digital infrastructure.
Cybersecurity and operational resilience	Digital platforms may face cyberattacks, system outages, key-management failures, or technology-provider risks.	Apply cybersecurity controls, operational resilience planning, backup arrangements, and third-party risk management.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; International Finance Corporation (IFC), Blockchain in Financial Services in Emerging Markets, Part I: Current Trends, 2017; Organisation for Economic Co-operation and Development (OECD), Blockchain for SMEs and Entrepreneurs in Italy, 2020; Basel Committee on Banking Supervision (BCBS), Digitalisation of finance, 2024.

Risk /implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Smart-contract design risk	Automated actions may execute incorrectly if contract logic, data inputs, or external triggers are poorly designed.	Test smart-contract logic, define human review points, and clarify dispute-resolution procedures.
Regulatory and supervisory readiness	Supervisors may need clarity on licensing, data access, auditability, consumer protection, and technology governance.	Establish regulatory coordination, audit trails, reporting rules, and supervisory access where appropriate.

For SME development agencies, the practical question is whether blockchain improves a real financing process. If the same objective can be achieved through verified invoices, e-invoicing, payment records, credit bureau data, or ordinary digital platforms, blockchain may not be necessary.

- Open banking allows firms to share selected financial data securely with authorised third-party providers, usually through application programming interfaces (APIs) and consent-based data-sharing arrangements.
- For SME finance, open banking matters because many SMEs already generate useful financial information through bank accounts, payments, merchant activity, invoices, and digital transactions. When this information can be shared securely and with proper authorisation, finance providers may assess cash flow, revenues, seasonality, repayment capacity, and account behaviour more accurately.

Core idea	Meaning for SME finance
Consent-based data sharing	SMEs can authorise selected financial data to be shared with approved providers.
Account and transaction visibility	Finance providers can review cash inflows, outflows, balances, and payment patterns.
Faster information access	Data can be accessed digitally rather than only through manual document submission.
Product matching	Financial products may be better matched to actual SME cash-flow patterns and financing needs.

Open banking should be understood as data-sharing infrastructure, not as a loan product by itself. Its SME finance value depends on secure consent, authorised access, data protection, API reliability, and responsible use of shared information.

Open banking can support SME finance by making selected financial data easier to access, verify, and use in credit assessment. This is especially useful when SMEs have real account activity but cannot easily prepare complete financial statements or conventional loan documentation.

Open banking function	How it works	SME finance relevance
Account information access	Authorised providers can access selected account and transaction information with customer consent.	Helps finance providers assess cash inflows, outflows, account balances, and repayment capacity.
Cash-flow analysis	Transaction data can be analysed to understand revenue patterns, seasonality, payment obligations, and liquidity pressure.	Supports cash-flow-based SME lending where collateral is limited.
Faster document verification	Digital access to account data can reduce reliance on manually submitted bank statements.	Reduces paperwork and speeds up credit assessment.

For SME finance, the main value is that account and transaction data can make the firm’s actual financial activity more visible. This can support lending decisions where collateral or formal financial statements are limited.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Global Partnership for Financial Inclusion (GPFI), Innovations in Financial Services for Micro, Small and Medium-sized Enterprises, 2023; Bank for International Settlements (BIS), Opening Doors to Open Finance: Evidence from the International Experience, 2026.

Open banking can also support SME finance by connecting authorised financial data with digital finance platforms, accounting tools, payment systems, and product-matching services.

Open banking function	How it works	SME finance relevance
Product comparison and matching	Financial service providers can use authorised data to match SMEs with suitable products.	Helps SMEs identify products that better fit their financing need, cost tolerance, and repayment profile.
Integration with digital platforms	Open banking data can be connected with accounting tools, payment systems, invoicing platforms, or lending applications.	Strengthens the digital information base used for SME finance.

For SME development agencies, open banking is relevant because it can improve the quality of information available for SME finance. However, SMEs may still need support to understand consent, data use, product terms, and the implications of sharing financial information.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Bank for International Settlements (BIS), Opening doors to open finance: evidence from the international experience, BIS Papers No. 168, 2026; Global Partnership for Financial Inclusion (GPFI), Innovations in Financial Services for Micro, Small and Medium-sized Enterprises, 2023.

Open banking can support SME finance only if data sharing is secure, permission-based, and clearly understood by the SME. The main issue is not simply access to more data, but whether shared data is used lawfully, transparently, and for a clearly defined financing purpose.

Risk /implementation issue	Why it matters for SME finance	Risk management measure / institutional requirement
Consent and authorisation	SMEs need to know which data will be shared, with whom, and for what purpose.	Use clear consent processes, permission controls, and consent management mechanisms.
Data privacy and confidentiality	Account, transaction, customer, supplier, and revenue data may be commercially sensitive.	Apply data protection rules, privacy safeguards, data security standards, and secure storage.
Trust in authorised providers	SMEs may hesitate to share financial data if they are unsure whether providers are regulated or trustworthy.	Use authorised third-party providers, clear registration or licensing rules, and visible complaint channels.

Open banking should therefore be designed around trust. SMEs are more likely to benefit when data-sharing arrangements are transparent, secure, and connected to concrete financing improvements.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Bank for International Settlements (BIS), Opening doors to open finance: evidence from the international experience, BIS Papers No. 168, 2026; Global Partnership for Financial Inclusion (GPFI), Innovations in Financial Services for Micro, Small and Medium-sized Enterprises, 2023.

Islamic finance instruments provide Shariah-compliant ways to finance business activity through contracts linked to trade, assets, leasing, production, partnership, or profit-sharing.

For SME finance, Islamic finance should not be treated as one single product. Different instruments are designed for different financing needs. Some are suitable for purchasing goods or equipment; some are suitable for leasing productive assets; others are more suitable for partnership, production, agriculture, or order-based business activity.

SME financing need	Possible Islamic finance relevance
Purchase of goods, raw materials, or equipment	Trade-based contracts can finance the acquisition of business inputs or productive assets.
Use of machinery, vehicles, or premises	Leasing-based contracts can support access to productive assets without immediate full purchase.
Business expansion or project finance	Partnership-based contracts can share profit, loss, risk, and investment responsibility.

After identifying that Islamic finance instruments should be matched to different SME financing needs, the next issue is how the underlying contract logic works.

Islamic finance instruments are generally structured around a real economic activity, asset, service, trade transaction, production process, leasing arrangement, or partnership arrangement. This contract-based structure is important for SME finance because the financing instrument must fit the underlying business need.

Core principle	Meaning for SME finance
Link with real economic activity	Financing is connected to trade, assets, services, production, leasing, or partnership.
Contract structure matters	Each instrument defines ownership, payment, delivery, profit, risk, and responsibility differently.
Product suitability	The financing contract should match the SME’s actual business need.
Responsible implementation	Documentation, asset ownership, pricing, delivery, and risk-sharing rules must be clear.

Each instrument has a different commercial logic and a different SME finance use case.

Murabaha can be used when an SME needs to acquire identifiable goods or assets for business activity. The instrument is most suitable when the financing need can be clearly linked to a purchase transaction.

SME financing need	How Murabaha can be used
Raw materials and inputs	The financial institution purchases the required inputs and sells them to the SME at cost plus an agreed mark-up.
Inventory finance	The SME obtains stock or merchandise needed for trade or distribution activities.
Machinery and equipment	The SME acquires productive assets such as machines, tools, vehicles, or business equipment.
Trade-related purchases	The SME finances goods needed for resale, production, or business operations.
Short- to medium-term working capital	The SME can finance specific business purchases where the asset or goods are clearly identified.

Murabaha requires clear documentation of the asset, cost, mark-up, sale price, payment terms, and delivery arrangements. The quality of the transaction depends on whether the sale structure is properly organised and matched to a real SME business need.

Implementation requirement	Why it matters for SME finance
Clear asset identification	The good, input, inventory item, equipment, or asset being financed should be clearly specified.
Supplier and purchase documentation	The purchase from the supplier should be documented so that the transaction is linked to a real asset or good.
Cost and mark-up disclosure	The SME should know the cost, agreed mark-up, total Murabaha price, and payment schedule.
Ownership and sale sequence	The financial institution's role in purchasing and selling the asset should be clear in the transaction structure.
Delivery and acceptance	The SME should receive the asset or goods according to the agreed specifications and conditions.

Musharaka is suitable when the SME financing need involves business participation rather than a simple purchase of goods or equipment. It can be used when both the SME and the financial institution participate in the financing of an activity, asset, or project.

SME financing need	How Musharaka can be used
Project-based finance	Musharaka can support a defined project where returns depend on the project's performance.
Asset-based partnership	The partners may jointly finance an asset used for business activity, with ownership and returns structured according to the agreement.
Working partnership	The SME may contribute capital, business knowledge, management capacity, or operational effort, while the financial institution contributes capital under the partnership structure.

Musharaka requires a clear partnership structure because the financial institution and the SME both participate in the financed activity. The arrangement should define capital contributions, profit-sharing rules, management responsibilities, and the treatment of losses.

Implementation requirement	Why it matters for SME finance
Defined business activity or asset	The partnership should be linked to a specific business activity, project, or asset.
Clear capital contributions	Each party’s contribution should be identified so that ownership, exposure, and risk allocation are clear.
Agreed profit-sharing ratio	Profit-sharing ratios should be agreed in advance and linked to the partnership contract.
Loss allocation rule	Losses are generally borne according to capital contribution.
Management responsibilities	The agreement should clarify who manages the activity, how decisions are made, and how performance is reported.

Because Musharaka is linked to partnership participation and business performance, implementation requires governance, reporting, and partner responsibilities to be clearly defined.

Mudaraba is suitable when an SME or entrepreneur has a viable business activity and management capability, but needs capital to operate, expand, or implement the activity.

SME financing need	How Mudaraba can be used
Entrepreneur-led business activity	The financial institution provides capital while the SME or entrepreneur manages the business.
Defined business activity with limited own capital	Mudaraba can support entrepreneurs who have business capability but need external capital.
Trading or service activity	The capital can be used for a defined business activity where profit can be measured and shared.

Mudaraba requires a clear separation between capital provision and business management. The structure depends on whether the business activity can be defined, managed, monitored, and reported transparently.

Implementation requirement	Why it matters for SME finance
Defined business activity	The financed activity should be clearly identified so that capital use and profit generation can be monitored.
Capital-use rules	The contract should clarify how the provided capital may be used by the SME or entrepreneur.
Management authority	The SME's management role should be defined, including operational discretion and contractual limits.

Ijara is suitable when an SME needs the use of a productive asset but does not need, or cannot immediately finance, full ownership at the beginning of the arrangement.

SME financing need	How Ijara can be used
Machinery and equipment use	The SME can use production machinery, tools, or equipment through lease payments.
Vehicles and transport assets	The SME can access delivery vehicles, commercial vehicles, or transport equipment needed for operations.
Business premises or fixed assets	The SME can use business-use facilities or other fixed assets under a lease structure.

Source: Islamic Development Bank (IsDB), Modes of Finance, 2014; Islamic Development Bank (IsDB), Disbursement Handbook 2025, 2025.

Ijara requires the leased asset, lease period, rental structure, use conditions, and ownership responsibilities to be clearly defined. The contract should make clear that the SME is paying for the use of the asset, not purchasing the asset at the beginning of the arrangement.

Implementation requirement	Why it matters for SME finance
Clearly identified asset	The leased asset should be specified by type, condition, use, and business purpose.
Usability and deliverability	The asset should be usable by the SME and capable of being delivered or made available for use.
Lease period	The contract should define the duration of use and the timing of rental payments.

Salam is suitable when an SME needs financing before goods are produced or delivered, and when the future output can be clearly specified in the contract.

SME financing need	How Salam can be used
Agricultural production	Farmers or agro-SMEs can receive advance payment before harvest and deliver specified crops later.
Commodity or standardised goods supply	SMEs can prepare clearly specified goods for future delivery.
Production-cycle finance	SMEs can use upfront payment to cover preparation or production costs before delivery.

Salam requires strong specification because payment is made before delivery. The contract must reduce uncertainty about what will be delivered, when it will be delivered, and under which conditions delivery will be accepted.

Implementation requirement	Why it matters for SME finance
Full advance payment	The Salam price should be paid in advance, so the SME receives financing before delivery.
Clear product specification	Type, quantity, quality, grade, and other relevant characteristics should be defined in the contract.
Delivery date and place	The contract should specify when and where the goods will be delivered.

Istisna is suitable where SME financing is connected to production, manufacturing, construction, or a future asset rather than the purchase of already existing goods.

SME financing need	How Istisna can be used
Manufacturing finance	Supports SMEs producing goods, equipment, components, or custom-made products under agreed specifications.
Construction or facility development	Can finance construction or development of a business-use asset according to agreed specifications.
Machinery or equipment fabrication	Applies when machinery, tools, or equipment need to be manufactured or assembled before delivery.

Istisna requires strong control over specifications, payment timing, and delivery conditions because the financed output is not complete at the beginning of the contract.

Implementation requirement	Why it matters for SME finance
Detailed technical specification	The asset, product, or construction output should be defined before production begins.
Completion timeline	The contract should specify expected delivery or completion dates.
Payment schedule	Payments should be defined in the contract and may be structured through stage payments or instalments.

Credit guarantee schemes are especially relevant where SMEs are commercially viable but cannot meet conventional collateral requirements or are perceived as too risky by lenders.

Core element	Meaning for SME finance
Risk-sharing structure	Credit risk is shared between the lender and the guarantee institution.
Collateral gap response	The guarantee can reduce the effect of insufficient collateral on SME credit access.
Access-to-finance role	Guarantees can help expand SME access to credit when risk-sharing conditions are clearly defined.

Source: World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026.

Credit guarantee schemes define how much of the lender’s risk is covered and how much remains with the lender. This balance is central to scheme design because the guarantee should improve SME credit access without removing lender discipline.

Design condition	Meaning for SME finance
Guarantee coverage ratio	Defines the percentage of the loan or loss covered by the guarantee institution.
Lender risk retention	The lender normally keeps part of the risk so that screening and monitoring incentives remain in place.
Maximum guarantee amount	Sets an upper limit on the guarantee exposure per borrower, loan, or programme.

Source: World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015.

Credit guarantee schemes also need clear rules on eligible financing, guarantee fees, and claim procedures so that risk sharing remains transparent and operationally manageable.

Design condition	Meaning for SME finance
Eligible financing type	Coverage may differ for working capital, investment loans, startup finance, or specific policy-priority borrower groups or sectors.
Guarantee fee	The SME may pay a fee for guarantee coverage, depending on programme design.
Claim rules	The scheme should define when and how the lender can claim compensation after SME default.

These conditions vary by institution and programme. For SME development agencies, the key design issue is to define coverage, lender risk retention, guarantee limits, fees, eligible financing, and claims clearly before implementation.

Source: World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015.

Credit guarantee schemes should support lending that would not happen, or would happen under much more restrictive conditions, without the guarantee. This is the principle of additionality.

Design issue	Meaning for SME finance
Financial additionality	The guarantee should increase access to finance for SMEs that face collateral or risk constraints.
Better financing terms	The scheme may help improve loan size, maturity, collateral requirements, or pricing, depending on programme design.
Targeting underserved firms	Guarantees can be directed toward startups, innovative SMEs, new borrowers, small firms, or other credit-constrained groups depending on the scheme mandate.
Avoiding substitution	The scheme should not simply guarantee loans that banks would already have provided without public risk sharing.
Monitoring outcomes	Institutions should track whether guarantees actually expand SME finance rather than only shifting risk to the public sector.

For SME development agencies, this is important because guarantee schemes should address collateral gaps and financing constraints without replacing normal credit appraisal or weakening lender discipline.

Venture capital is suitable for a narrower group of SMEs: firms with high growth potential, scalable markets, and the capacity to work with external investors.

SME financing problem	How venture capital responds
Expansion beyond founder resources	Helps firms move from small-scale operation to larger commercial growth.
Strategic capability gap	Venture capital investors may add governance, market access, managerial discipline, technical expertise, and follow-on financing connections.
Investor-readiness requirement	The firm must be able to accept external ownership participation, reporting expectations, and investor involvement in strategy and governance.

Source: OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; World Bank, Private Equity and Venture Capital in SMEs in Developing Countries: The Role for Technical Assistance, 2014.

Venture capital finance follows a structured investment process. The fund does not only provide capital; it selects firms, reviews investment readiness, and assesses whether the firm fits the fund’s investment strategy.

Stage	What happens	Meaning for SME finance
Deal sourcing	The fund identifies potential investee firms through its investment pipeline, networks, accelerators, referrals, competitions, or direct applications.	SMEs need visibility in the investment ecosystem.
Screening	The fund filters firms according to sector, growth potential, team quality, market size, and scalability.	Not every SME is suitable for venture capital.
Due diligence	The fund examines the business model, financials, legal status, technology, market, governance, and risks.	The SME must be prepared to disclose information and withstand investor review.

Source: OECD, Understanding Government Venture Capital, 2025; World Bank, Private Equity and Venture Capital in SMEs in Developing Countries: The Role for Technical Assistance, 2014.

After selection and due diligence, venture capital investment depends on agreed investment terms, active monitoring, and a realistic future exit route.

Stage	What happens	Meaning for SME finance
Investment terms and ownership structure	The fund and firm agree on investment amount, ownership participation, investor rights, and investment conditions.	The SME gives up part of ownership or control in exchange for risk capital.
Investment and monitoring	The fund provides capital and may support strategy, governance, management, networks, and follow-on finance.	Venture capital combines finance with active investor involvement.
Exit	The investor seeks a future return through sale, merger, buyback, or public offering.	The investment is temporary and depends on growth and exit possibilities.

Source: World Bank, Can Venture Capital and Private Equity Work For You? Six Simple Steps to Guide SMEs in the Western Balkans, 2020; World Bank, Private Equity and Venture Capital in SMEs in Developing Countries: The Role for Technical Assistance, 2014; OECD, Understanding Government Venture Capital, 2025.

Venture capital works only when the wider investment environment can support professional fund management, investment-ready firms, firm growth, and eventual exit.

Institutional requirement	Meaning for SME finance
Professional fund managers	Venture capital requires teams that can source deals, assess firms, conduct due diligence, monitor performance, and manage exits.
Investment-ready firms	SMEs need reliable records, clear growth plans, governance capacity, and willingness to accept external investors.
Legal and regulatory framework	Equity investment, shareholder rights, minority investor protection, fund structures, and exit procedures should be clear.
Exit channels	Investors need possible routes to realise returns through acquisition, secondary sale, buyback, or public listing.
Follow-on finance ecosystem	High-growth firms may need several rounds of finance as they scale.

For SME development agencies, the role is usually not to replace venture capital funds. Their role is to strengthen the pipeline, improve investment readiness, connect firms with investors, and support ecosystem coordination.

Source: OECD, Understanding Government Venture Capital, 2025; World Bank, Private Equity and Venture Capital in SMEs in Developing Countries: The Role for Technical Assistance, 2014; World Bank, Can Venture Capital and Private Equity Work For You? Six Simple Steps to Guide SMEs in the Western Balkans, 2020.

Angel investment networks are especially relevant where promising SMEs and startups exist, but entrepreneurs have difficulty finding investors and investors have difficulty identifying credible opportunities.

SME financing problem

How angel investment networks help

Limited mentoring and market access

Angel investors may contribute sector knowledge, managerial advice, customer contacts, and strategic networks.

High uncertainty

Investors accept higher business risk in exchange for potential future upside if the firm grows.

Need for capital and strategic support

Angel investment can combine private risk capital with mentoring, screening, and investor connections.

Angel investment networks are therefore relevant for firms that are not yet ready for conventional bank finance but have a credible business model, growth potential, and a need for both capital and strategic support.

After screening and preparation, angel investment networks help introduce selected firms to investors and support the investment process.

Step	Mechanism	Meaning for SME finance
1	Firms are introduced to angel investors.	The network reduces search and matching costs between firms and investors.
2	Investors conduct their own assessment.	Angel investors review the team, market, business model, risks, and expected return.
3	Investment and post-investment support may follow.	The SME may receive capital, mentoring, contacts, and strategic guidance.

The network does not automatically finance every SME. Its role is to improve the quality of matching between credible entrepreneurs and investors willing to take early-stage risk.

Source: OECD, Financing High-Growth Firms: The Role of Angel Investors, 2011; World Bank / infoDev, Creating Your Own Angel Investor Group: A Guide for Emerging and Frontier Markets, 2014.

Angel investment networks require more than a list of potential investors. They need a functioning ecosystem that can prepare entrepreneurs, protect investors, and support credible early-stage investment decisions.

Institutional requirement	Meaning for SME finance
Clear legal and regulatory framework	Rules should clarify how private investment, equity participation, investor rights, and exit arrangements are handled.
Investor base	The network needs individuals willing and able to invest in early-stage firms.
Deal flow	A sufficient number of credible SMEs and startups should enter the pipeline.

For SME development agencies, the main role is not to act as the investor. The role is more often to strengthen the pipeline, support investment readiness, connect firms with credible networks, and help build trust between entrepreneurs and investors.

Institutional requirement	Meaning for SME finance
Investment readiness support	Entrepreneurs may need support in business planning, valuation, governance, and investor communication.
Screening capacity	The network should filter opportunities before presenting them to investors.
Post-investment support	Mentoring, market access, governance advice, and strategic guidance can increase the value of angel finance.

Public-private co-investment fund structures combine public resources with private investment to finance SMEs and startups with growth potential.

The basic idea is not that the public sector replaces private investors. Instead, public capital is used to mobilise private capital, share investment risk, and strengthen financing markets where private investors alone may be too limited or risk-averse.

Core element	Meaning for SME finance
Public capital	Provides catalytic funding, anchor investment, or risk-sharing support.
Private capital	Brings market discipline, investor selection, and commercial investment incentives.
Co-investment structure	Public and private investors invest alongside each other under defined rules.

Source: OECD, Understanding Government Venture Capital, 2025; World Bank, Blended Finance, official website.

Public-private co-investment funds are relevant when private risk-capital markets are too small, fragmented, or cautious to finance enough growth-oriented SMEs and startups.

Financing problem	How co-investment responds
Limited private risk capital	Public capital helps increase the amount of investment available for SMEs and startups.
Early-stage funding gaps	Co-investment can support firms that are beyond grants but not yet attractive enough for purely private investors.
Investor risk aversion	Public participation can share part of the investment risk and encourage private investors to participate.

Source: OECD, Understanding Government Venture Capital, 2025; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; World Bank, Blended Finance, official website.

The main objective is to crowd in private investment, not to replace it. If public capital dominates without private discipline, the structure may become ordinary public financing rather than co-investment.

Financing problem	How co-investment responds
Weak venture capital ecosystem	Co-investment can help build fund-manager capacity, investor networks, and deal flow.
Policy-priority gaps	Funds can be designed to support innovation, technology firms, regional development, or other policy-priority areas defined by the fund mandate.
Need for private-sector discipline	Co-investment keeps private investors involved in selection, monitoring, and exit decisions.

Source: OECD, Understanding Government Venture Capital, 2025; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; World Bank, Blended Finance, official website.

Public-private co-investment funds require institutional capacity before capital is committed. The structure should be able to select firms, monitor investments, manage conflicts, and evaluate results.

Implementation condition	Meaning for SME development agencies
Defined target segment	The fund should specify whether it targets startups, growth SMEs, technology firms, innovative firms, or policy-priority sectors.
Investment-readiness pipeline	Agencies may need to prepare SMEs before they can receive equity or quasi-equity investment.
Qualified fund managers	Professional managers should assess firms, structure investments, monitor performance, and manage exits.
Co-investor selection	Private investors should be credible, financially committed, and aligned with the fund's objectives.
Reporting and transparency	Financial performance, policy objectives, portfolio risk, and exits should be reported clearly.

For SME development agencies, the key implementation issue is whether the market has enough investable firms, credible private investors, and professional management capacity to make the fund work.

Different SME financing instruments solve different financing problems. The correct policy question is not “which instrument is best,” but which SME problem the instrument is designed to address.

SME financing problem	More suitable instrument	Core logic
Viable SME lacks sufficient collateral	Credit guarantee scheme	Shares part of lender risk while keeping the credit relationship lender-based.
Early-stage firm needs seed capital and mentoring	Angel investment network	Connects entrepreneurs with individual investors, capital, experience, and business contacts.
Scalable SME needs growth capital	Venture capital	Provides professional risk capital for firms with strong growth and exit potential.
Private risk-capital market is weak	Public-private co-investment fund	Uses public capital to mobilise private investment and strengthen the investment ecosystem.

These instruments should not be treated as substitutes. They fit different stages of firm development, different risk profiles, and different institutional capacities.

SME development agencies should assess whether each financing model fits the country’s market structure, legal framework, institutional capacity, and SME demand conditions before promoting implementation.

Readiness question	Why it matters
Is the SME problem clearly identified?	The model should respond to a specific constraint such as collateral gap, early-stage finance gap, working-capital need, asset-use need, or growth-capital shortage.
Is there a suitable implementing institution?	Guarantees, angel networks, VC funds, Islamic finance products, and co-investment funds require different institutional capabilities.
Are lenders or investors willing to participate?	Innovative finance models cannot work without parties such as banks, Islamic financial institutions, angel investors, VC funds, or private co-investors.

Source: World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; OECD, Financing High-Growth Firms: The Role of Angel Investors, 2011; OECD, Understanding Government Venture Capital, 2025.

The same model may work differently across countries. Feasibility depends on market depth, regulatory clarity, institutional credibility, SME readiness, and the availability of private-sector partners.

Readiness question	Why it matters
Are SMEs prepared to use the instrument?	Some models require documentation, financial records, delivery capacity, investment readiness, governance, or willingness to accept external investors.
Can risks be monitored?	Credit risk, delivery risk, governance risk, public exposure, and investment risk must be tracked continuously.

Source: World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; World Bank, Can Venture Capital and Private Equity Work For You? Six Simple Steps to Guide SMEs in the Western Balkans, 2020; OECD, Understanding Government Venture Capital, 2025.

Innovative SME financing models should not be selected only because they are modern or widely discussed. They should be selected according to the SME problem, market conditions, institutional capacity, and risk-management requirements.

Financing model	Best fit	Main institutional requirement
Fintech-enabled lending	SMEs with usable digital, transaction, payment, invoice, or open-banking data.	Data governance, model reliability, borrower protection, cybersecurity, and supervisory capacity.
Islamic finance instruments	SMEs whose financing need can be matched with trade, leasing, partnership, production, or construction contracts.	Product-structuring capacity, Shariah governance, documentation, monitoring, and contract-specific risk management.
Credit guarantee schemes	Viable SMEs constrained by collateral gaps or lender risk perception.	Guarantee institution, eligibility rules, coverage design, lender discipline, claims management, and portfolio monitoring.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Islamic Development Bank (IsDB), Economic Empowerment For Financial Institutions - Islamic Financial Product Implementation Toolkit, 2021; World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015.

Before adopting an innovative SME financing model, SME development agencies should assess whether the model fits national market conditions and institutional capacity.

Feasibility question	Practical meaning
Which SME segment is being targeted?	Microenterprises, startups, growth SMEs, technology firms, or other policy-priority groups may need different instruments.
What financing constraint is being addressed?	The constraint may be collateral, credit history, working capital, asset use, production finance, early-stage risk capital, or growth finance.
Which institution can implement the model?	Banks, Islamic financial institutions, guarantee institutions, fintech platforms, angel networks, VC funds, and public investment funds have different capabilities.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; Islamic Development Bank (IsDB), Economic Empowerment For Financial Institutions - Islamic Financial Product Implementation Toolkit, 2021; OECD, Financing High-Growth Firms: The Role of Angel Investors, 2011; OECD, Understanding Government Venture Capital, 2025.

The same instrument can be effective in one country and weak in another if the supporting ecosystem is missing. Implementation should therefore begin with institutional feasibility, not only with product design.

Feasibility question	Practical meaning
What risks must be managed?	Credit risk, delivery risk, data risk, investment risk, public exposure, and governance risk differ by model.
Is private-sector participation realistic?	Many models require banks, investors, platforms, fund managers, or co-investors to participate actively.
Is the supporting ecosystem strong enough?	Feasibility depends on market depth, regulatory clarity, institutional credibility, SME readiness, and the availability of private-sector partners.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; Islamic Development Bank (IsDB), Economic Empowerment For Financial Institutions - Islamic Financial Product Implementation Toolkit, 2021; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; OECD, Understanding Government Venture Capital, 2025.

SME development agencies can use a step-by-step roadmap to move from general financing-model discussion to practical implementation decisions.

Step	Implementation question	Practical focus
1	What is the SME financing constraint?	Identify whether the problem is collateral, credit history, working capital, asset use, production finance, early-stage capital, or growth finance.
2	Which instrument fits the constraint?	Match the problem with fintech lending, Islamic finance, guarantees, angel finance, venture capital, or co-investment.
3	Which institution can deliver it?	Identify banks, Islamic financial institutions, guarantee institutions, fintech platforms, angel networks, VC funds, or public-private fund structures.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Islamic Development Bank (IsDB), Economic Empowerment For Financial Institutions - Islamic Financial Product Implementation Toolkit, 2021; World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; OECD, Financing High-Growth Firms: The Role of Angel Investors, 2011; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; OECD, Understanding Government Venture Capital, 2025.

The implementation sequence should begin with the financing constraint, not with the instrument name. A model is useful only if it solves a real SME finance problem and can be implemented responsibly.

Step	Implementation question	Practical focus
4	What capacity is missing?	Assess data systems, legal clarity, investment readiness, risk management, monitoring, and reporting capacity.
5	How will results be monitored?	Track access to finance, additionality, repayment, default, investment outcomes, SME growth, and policy or development objectives.

Source: World Bank and International Finance Corporation (IFC), Fintech and SME Finance: Expanding Responsible Access, 2022; Islamic Development Bank (IsDB), Economic Empowerment For Financial Institutions - Islamic Financial Product Implementation Toolkit, 2021; World Bank and FIRST Initiative, Principles for Public Credit Guarantee Schemes for SMEs, 2015; OECD, Financing High-Growth Firms: The Role of Angel Investors, 2011; OECD, Financing SMEs and Entrepreneurs 2026: An OECD Scoreboard, 2026; OECD, Understanding Government Venture Capital, 2025.

Thank you for your valuable participation.

Over the past two days, we have explored a range of innovative SME financing models together with the institutional conditions that support their effective implementation. We now invite you to reflect on how these approaches relate to your own national context.

Discussion points

- Which innovative SME financing model(s) are currently used in your respective country?
- Which model do you believe has the greatest potential for further development in your country?
- What institutional or regulatory challenges have you experienced during implementation?
- We would welcome your reflections on successful practices, implementation experiences, and lessons learned from your respective country.