

# How technology innovation in finance facilitates SME access to finance

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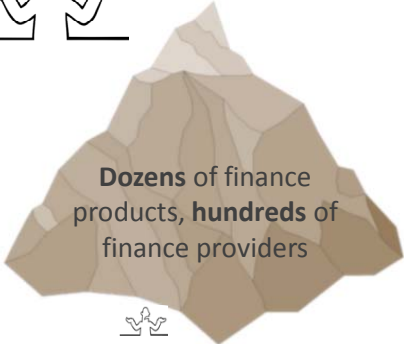
Each year, hundreds of thousands of small firms just won't fit bank lending



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# These firms are unsure where to turn next

"56% of SMEs unfamiliar with any forms of alternative finance"



**10%~20%**

penetration of specialist working capital products

**30%~40%**

firms using 'informal' financing such as personal credit cards

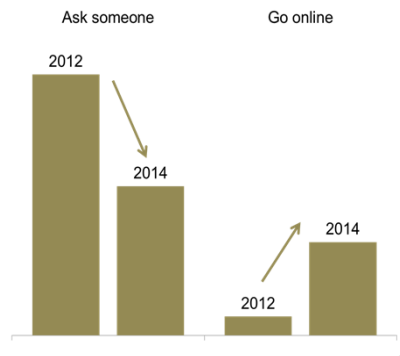
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Sources: Cambridge University, AXA, FT

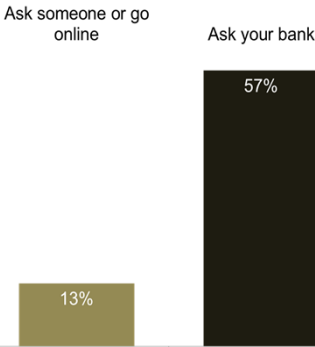
# SMEs increasingly going online to find finance, but most still only try their bank

Who SMEs approached when they first realised they needed finance:

Number going online rapidly growing...



...but half still only approach their bank



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Source: British Business Bank (BBB) Survey

### Finance – how does it work for SMEs?

**Traditional banks**

**SME**

We need finance:  
 - Fulfil contract  
 - Hire staff  
 - Grow!!

**My Bank**

85% SME finance is provided through just four banking groups<sup>1</sup>

62% of first time loan applications are unsuccessful; SMEs give up<sup>2</sup>

Overdraft approvals have declined by 47% in 3 years<sup>3</sup>

Banks' exposure to SME overdrafts has fallen by 42% in 5 years<sup>4</sup>

The process often takes a long time – and the opportunity gets lost

**Conclusion:**  
 Banks are not geared to deliver fast cost-effective finance to suit the wide variety of SME needs

**Outcome:**  
 Missed opportunity for SMEs and for the economy

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### Finance – how does it work for SMEs?

**Alternative finance**

**SME**

We need finance:  
 - Fulfil contract  
 - Hire staff  
 - Grow!!

Input info: business, timing, need

What you need % Providers & match Products

Whilst there is a need for large scale 'vanilla' financial products for SMEs, there is also a need for niche & specialist products tailored specifically to SMEs needs...

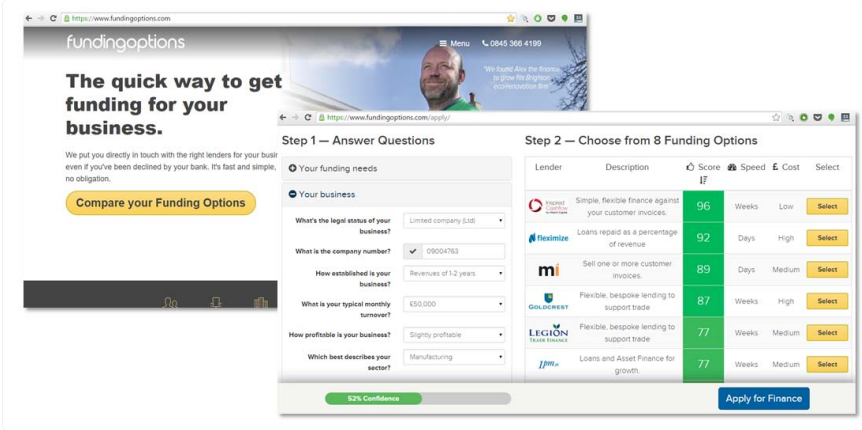
...SME financial needs are complicated. Niche and specialist financial providers often don't have the resources to market themselves to the pool of SMEs....

... aggregators are needed to ensure SMEs needing finance can find the finance providers with the most appropriate product for them.

Balance sheet lending	Invoice finance	Trade finance
MarketPlace Lending (inc. P2P)	Supply chain finance	Challenger banks & many more!

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# It's about matching firms to the *right* alternative lender for *their* needs



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Delivered via sophisticated & intuitive online matchmaking technology



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# Appendix

