

SME financial inclusion is the spark needed to ignite economic growth

According to estimates from McKinsey, SMEs make up an enormous 98.5% of all businesses in South Africa. "As the engines powering our economic growth, the challenges, as well as the triumphs within the sector, reverberate across the entire economy," says Zunaid Miya, managing director of Hello Pay.



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The health of the SME sector is a reliable reflection of economic conditions in the country overall. "The pandemic has highlighted several long-standing challenges facing SMEs. With dangerously high levels of unemployment, creating jobs and generating growth has never been more important. Providing meaningful avenues for SMEs' full financial inclusion is a necessary first step in the right direction," Miya adds.

According to a recent IMF report, "The importance of financial inclusion is increasingly recognised by policy-makers around the world. Small and medium-sized enterprise financial inclusion, in particular, is at the core of the economic diversification and growth challenges many countries are facing."

Miya says that Hello Pay's own journey, which was born out of the need to help migrant workers in South Africa get paid, has evolved to creating a cashless digital ecosystem for SMEs to truly thrive.

“SA’s migrant workforce make a sizeable contribution to the country’s economy. Estimates from an OECD report suggest this cohort of workers can increase the South African income per capita by up to 5%. Despite this, migrant workers are routinely discriminated against and face real challenges in accessing even the most basic services, such as opening a bank account, and certainly don’t get the support they need to start a business.”

He adds that emerging technologies are transforming payments methods, especially for the migrant workforce and small merchants. “Intelligent digital solutions, once only accessible to large enterprises, are now within reach for entrepreneurs and SMEs. It’s these solutions that allow SMEs to compete toe-to-toe with some of the best companies in South Africa.”

Miya says a commitment to real and meaningful financial inclusion for SMEs is something Hello Pay continues to champion by offering services that are low cost, easily accessible and simple to use. “Digital solutions, like accepting card payments via a mobile phone, have the potential to level the playing field as small businesses can control costs and manage cash flow more effectively. Many small businesses have been cash-based because they had to be; fortunately, this is no longer the case.”

“When pursued with strategic intent, financial inclusion generates economic growth, which in turn helps communities and individuals everywhere thrive. Financial inclusion means that thousands of SMEs and 350 million unbanked adults in Sub-Saharan Africa, according to the World Bank, can finally participate in economic activity,” notes Miya.

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