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BIASHARA PAWA

SME MASTERCLASS INFOGRAPHIC

FOCUS
Bankability

REGION
Kenya

SECTOR
Inclusive Finance

BUILDING RESILIENT ENTERPRISES

Implementing partners:



Financial Challenges

Why most SMEs struggle to bridge the gap between their operations and institutional finance.

INFORMALITY

01

Operating without formal registration makes SMEs invisible to the formal economy.

RECORD KEEPING

02

The absence of verifiable statements prevents banks from measuring business health.

CO-MINGLING

03

Mixing business and household wallets masks the true performance of the enterprise.

COLLATERAL GAP

04

Lenders still prioritize fixed assets over operational performance or digital history.

HIGH INTEREST RATES

05

The high cost of perceived risk makes debt service coverage nearly impossible for growing firms.

Core Concepts

1

SEPARATE LEGAL ENTITY

Defining the boundary between business liability and personal ownership.

2

CASH FLOW VS. PROFIT

Profit is theory; Cash is the reality required to pay bills today.

3

MARGIN VS. MARKUP

Correctly calculating profitability relative to sales price, not just cost.

4

DSCR

The primary health metric: Can your operations afford the new loan?

5

ASSET VS. LIABILITY

Ensuring investments generate revenue rather than draining cash reserves.

The 5Cs of Credit

Lenders evaluate these five pillars to determine your business "Bankability."



Operational Gaps



DATA VISIBILITY

Missing digital footprints on bank and M-Pesa statements for lender verification.



INTERNAL CONTROLS

Lack of systems to track inventory and manage receivables, leading to leakages.



COMPLIANCE & LEGAL

Profitability hidden by nil returns and expired permits, causing high legal risk.



STRATEGIC PLANNING

Operating without budgets or clear plans on how a loan generates its own repayment.

The Checklist

☰ REQUIRED DOCUMENTATION



LEGAL: CR12 & BUSINESS REGISTRATION

Current proof of ownership and company status.



TAX: VALID COMPLIANCE CERTIFICATE

Current KRA status showing zero defaults.



BANKING: 12-MONTH CERTIFIED STATEMENTS

Verifiable cash flow proof through bank/Till history.



OPERATIONS: PERMITS & INDUSTRY CERTS

Current Single Business Permit and specialized licenses.

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