



# Empowering SMEs in the Digital Economy

Tailored Payment  
Solutions for  
Global Growth



Small and Medium Enterprises (SMEs) make up **two-thirds of the global economy** – but they remain critically underserved when it comes to payments. What’s more, the **ongoing digitalisation** of the global economy is making this situation worse, not better.

In this report, we argue that more should be done to tailor payments offerings for the diverse range of SME requirements – and how doing so benefits all parties in the transaction process, from banks to merchants and consumers.

### SMES: THE WORLD’S ECONOMIC LIFEblood - AND DIGITISING FAST

According to the World Economic Forum<sup>1</sup>, SMEs are responsible for half the employment and 40% of economic activity in most markets, rising to 70% in the developing markets of Africa, Asia and Latin America. In Kenya, for instance, SMEs account for 98% of all registered companies, while in Malaysia they contribute 40% of all GDP. As for developed markets, the European Union says<sup>2</sup> SMEs are responsible for two-thirds of private sector employment across the bloc.



#### CREDIT = Sultanate of Oman

<sup>1</sup> World Economic Forum, 29 August 2022. “Why we shouldn’t overlook the impact of SMEs on local and global economies.” : <https://www.weforum.org/agenda/2022/08/why-we-shouldn-t-overlook-the-impact-of-smes-on-local-and-global-economies>

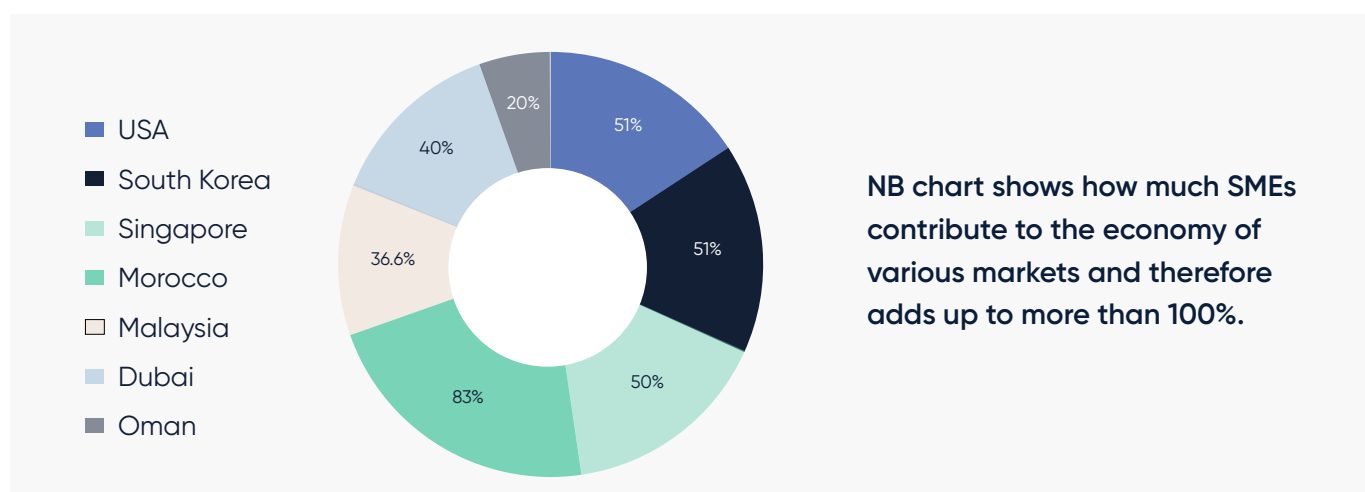
<sup>2</sup> Sage, 13 November 2023: “Empowering SMEs in the Digital Decade”:

While SMEs are traditionally seen as providing services to local markets, there's a growing body of evidence that they are embracing the opportunities of the digital economy as rapidly as larger firms – despite lacking the same access to capital and resources. Data from Mastercard<sup>3</sup> shows just how rapidly SMEs are looking to international business conducted over the internet for growth. In 2023, more than three in five SMEs surveyed by Mastercard were doing more business internationally than in the previous year, with three-quarters planning to do even more international business in 2024<sup>4</sup>.

## **"Digitalising operations enhances SME efficiency and productivity, makes them more responsive to customer needs, and helps drive sales growth."**

SMEs are also looking across borders for better deals from suppliers, with six in ten SMEs in the Mastercard survey saying they were drawing on international supply chains more than before the pandemic. Supporting these figures, research from Sage finds<sup>5</sup> that 85% of European SMEs use digital channels as a major facet of their sales strategy in 2023. Aside from access to new markets and sources of revenue, digitalising operations also enhances SME efficiency and productivity, makes them more responsive to customer needs, and helps drive sales growth.

### **SMEs look internationally for more business and better deals**



#### **CREDIT = Mastercard**

<sup>3</sup> Trade Finance Global, 29 December 2023: "The State of the Cross-Border Ecosystem in 2023": <https://www.tradefinanceglobal.com/posts/assessing-state-cross-border-payments-ecosystem-2023/>

<sup>4</sup> Mastercard, September 2023: Borderless Payments Report 2023: <https://www.mastercard.com/global/en/business/cross-border-services/borderless-payments-report.html>

<sup>5</sup> See note 2 above





Despite their importance to the economy and their growing digitalisation, SMEs around the world remain trammelled by “off the shelf” payment solutions that rarely meet their needs and can be expensive both to install and maintain.

In what follows, we examine why this is the case – and how changing this situation benefits not just SMEs themselves, but the wider economy as well.

## SERVING COMPLEXITY – THE SME PAYMENT CHALLENGE

Historically, SMEs have complained of their dissatisfaction with a range of financial services – from insurance through to credit risk – and payment services are little different. Interestingly, the challenges SMEs face in payments are similar to those they have in other categories – namely, that they are offered “one size fits all” solutions which do not take their specific requirements into account.



For example, an SME that deals with government and/or education customers is likely to require a link between payments and electronic invoicing and purchase orders, whereas a retail SME serving customers globally will need to accept many different payment types. Or again, a logistics company might look for a solution that combines payment with confirmation of delivery. This kind of diversity is rarely served by standard, off-the-shelf acceptance solutions.

A second problem common to most SMEs and fintechs is access to the capital and resources required to create their own infrastructure and meet compliance requirements. Where bespoke requirements such as those listed above exist, building a specialist solution that meets an SME's specific needs might sound like the answer – were it not for the fact that the development and testing of a bespoke solution can often be too expensive and time-consuming.

With regards to regulation and compliance, hiring a team with the expertise to deliver in these areas is likewise time-consuming and expensive. Nordlayer say<sup>6</sup> that the average cost of keeping up with regulation and maintaining compliance for companies operating in the UK is \$5.5 million per year. Costs like these are clearly beyond the reach of many SMEs.

Finally, the payments solutions on offer often fail to take into account the fact that many SMEs are not yet fully digital. For example, SMEs may be offered an eKYC solution or a digital onboarding solution despite the fact that they still issue paper invoices. 2020 research from the OECD<sup>7</sup> shows that small firms were only half as likely as larger ones to use everything from ERP software through to CRM packages or even e-commerce gateways. Meanwhile in emerging markets such as Thailand and Vietnam, around half of transactions still use cash<sup>8</sup> – and people use digital wallets to pay online that are decoupled from their bank accounts, making reconciliation a challenge.

<sup>6</sup> Nordlayer, “The Cost of Regulatory Compliance” <https://nordlayer.com/learn/regulatory-compliance/cost-of-regulatory-compliance/>

<sup>7</sup> OECD, 25 November 2020, “The Digital Transformation of SMEs”: <https://www.oecd.org/industry/smes/PH-SME-Digitalisation-final.pdf>

<sup>8</sup> Nikkei Asia, 12 April 2023: “Thailand, Japan and Vietnam lag in Asia’s digital payments rush”: <https://asia.nikkei.com/Business/Finance/Thailand-Japan-and-Vietnam-lag-in-Asia-s-digital-payments-rush>

## SMEs lag larger firms in tech adoption – flexibility is a must

### SME gaps in adoption are large in many areas

Diffusion rate, median OECD, based on country average percentages of enterprises using the technology over 2015-18



#### CREDIT = OECD

Such complexity shows why a “one-size-fits all” approach to SME payments simply doesn’t work. SMEs need flexible, cost-effective and comprehensive solutions that respond to their specific needs and include the features they require, from loyalty and rewards through to the analysis of online spending patterns, security features and more.

## SOLUTIONS BASED ON NEEDS, FOCUSED ON RESULTS

SMEs need solutions that represent a step-change from current offerings. Solutions that give them access to options they might not have enjoyed previously. And these solutions need to be integrated with each other and made available both online and in the physical world. Finally, these solutions should be enabled with rich data analytics and artificial intelligence (AI) packages that can help SMEs to drive further growth and reduce risk by – for example – spotting new product and market opportunities, or identifying recurring fraud patterns.

For instance, more SMEs should be able to issue their own business cards, either virtually or physically. Using business cards, as distinct from cash or personal card expenses, allows smaller companies greater control over employee spending and make it easier for them to introduce formal spending policies by (for instance) limiting the categories or locations in which transactions happen, or setting monthly spending limits. In making it easier for employees to pay lower-value invoices themselves, business cards also make budget and cashflow management easier.

## **"Businesses offering more than four payment options see seven times faster revenue growth than those offering cash, invoice and card."**

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In accounts receivable, SMEs need to be able to accept a wider range of payment methods. One recent study claims<sup>9</sup> that only 16% of smaller businesses in the US offer more than cash, cheques or cards: but that businesses offering a full range of payment options see their revenue grow seven times faster than those with more limited options.

Likewise, offering loyalty and reward programmes can help SMEs drive better revenue and profitability. Research from the Sloan School of Business at MIT found<sup>10</sup> that customers participating in reward programmes are twice as likely to spend with a company compared to others – however, the cost of such programmes has frequently discouraged SMEs from taking part in them.

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## **"To date, the cost and complexity of introducing features such as rewards, loyalty and data analytics has dissuaded most SMEs from using them."**

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Lastly, major corporations invest heavily in data analytics and AI solutions linked to their payment facilities not just to protect against fraud, but to help them assess the effectiveness of their marketing and identify new product and cross-selling opportunities, as well as trends in customer expenditure. Data analytics are so effective that they're used by 99% of the US Fortune 500<sup>11</sup> – once again, though, the time and resources required to implement data analytics in payments means that SMEs are unable to adopt these powerful tools.

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<sup>9</sup> PR Newswire, 30 March 2020. "SMEs offering multiple payment options increase revenue by 30%": <https://www.prnewswire.com/news-releases/study-small-businesses-offering-multiple-payment-options-increase-revenue-by-nearly-30-percent-301031597.html>

<sup>10</sup> StampMe, 10 August 2021: "Are loyalty programmes profitable?": <https://www.stampme.com/blog/are-loyalty-programs-profitable>

<sup>11</sup> BinMile, 01 March 2024: "Data Analytics Use Cases": <https://binmile.com/blog/explore-business-opportunities-with-data/>

## GIVING SMES THE TOOLS TO GROW

At Paymentology, we believe SMEs deserve a better deal in payments – whether that’s access to a wider range of payment options, business cards, more sophisticated payment security or data analytics that help drive increased turnover and profit. Below, we’ve given just a few examples of the more than 150+ banks and fintechs we’ve worked with to shape client-centered, results-focused payments systems.

### **mukuru** ENABLING PAYMENTS TO CHANGE LIVES

Mukuru’s remarkable journey began in 2004 with a mission to address the financial hardship caused by hyperinflation in Zimbabwe. Over the years, the fintech company has evolved into a leading next-generation financial services provider, processing over 100 million transactions in the last decade and establishing a presence in more than 60 countries globally. In partnership with Mastercard and Paymentology, Mukuru introduced prepaid cards, initially in South Africa, with plans to expand into other African countries. These cards, backed by Standard Bank, have become vital financial tools, especially for SMEs, offering more than just a convenient payment solution—they provide a lifeline for businesses that are often hindered by traditional banking challenges.



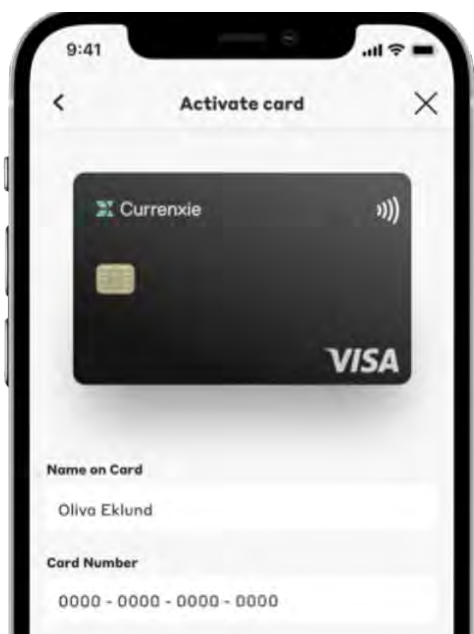
Beyond benefiting consumers, Mukuru’s prepaid card solution addresses key challenges faced by African SMEs, empowering business owners to efficiently manage their operations. Entrepreneurs can use these cards to pay staff, settle expenses and cover daily operational costs, moving away from cash and traditional banking systems that slow down growth. By offering a flexible, internationally accepted card, SMEs can easily fund and use their cards for online, in-store, and in-app transactions, which plays a pivotal role in granting SMEs access to the global economic market, further enhancing business opportunities.

For SMEs, these cards simplify payments to suppliers, team members and other business-related transactions, streamlining operations and eliminating inefficiencies often associated with handling cash. With Mukuru and Paymentology’s solution, businesses can conduct cross-border transactions, access working capital and operate more efficiently in the digital economy, contributing to overall economic development across Africa.

The partnership between Mukuru and Paymentology is about more than just providing technology for money transfers—it’s about empowering Africa’s emerging SMEs. By enabling business owners to



harness financial services like insurance, loans, and prepaid cards, Mukuru and Paymentology are fostering greater financial inclusion and driving the growth of SMEs across the continent. This collaboration is creating tangible change, allowing entrepreneurs to focus on scaling their businesses and contributing to Africa's economic growth.



## **EMPOWERS SMES IN THE GLOBAL MARKETPLACE**

Small and medium-sized enterprises (SMEs) are the backbone of the global economy. However, traditional banking systems often leave them underserved, particularly when it comes to cross-border payments. These payments can be slow, expensive, and opaque, hindering SMEs' ability to compete on a global scale. Key problems include high fees from traditional banks, slow processing times that mean transactions take weeks to clear, and a lack of transparency – with businesses unable to track their international payments.

Founded in 2014, Currenxie is a leading digital FinTech company dedicated to empowering SMEs in the global economy that aims to revolutionize international payments.

They offer a digital-first financial platform that provides businesses with the tools they need to conduct cross-border transactions efficiently and cost-effectively. This platform provides businesses with a one-stop financial app and a global multi-currency account that eliminates the need for multiple bank accounts in different countries. This simplifies account management and streamlines international transactions.



Currenxie also offer businesses lower fees and real-time FX trading through their own platform, eliminating hidden fees and ensuring businesses get the best possible exchange rate. Processing times are also considerably reduced thanks to managing transactions through the cloud.

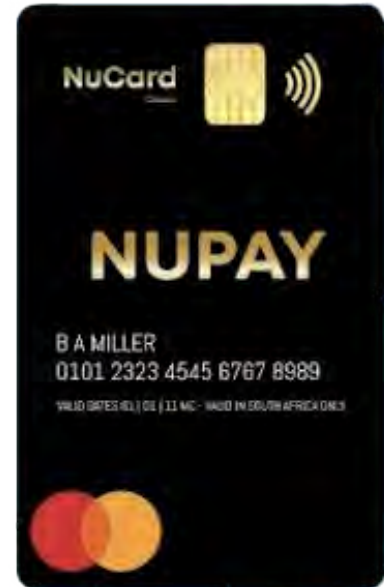
By partnering with Currenxie, SMEs can unlock the potential of the global marketplace, improving their cash flow and profitability – as well as the efficiency of their business. Armed with the ability to exchange and send funds anywhere, SMEs can expand their reach and build relationships with international partners and customers.

Altron FinTech offers a comprehensive suite of solutions tailored to meet various payment processing needs.

These solutions include debit order processing, payment and switching services, card personalization and issuance, credit management software, and advanced debit and credit card payment solutions. In addition, Altron FinTech provides person-to-person payment options and a variety of value-added services aimed at the consumer market. Altron

FinTech's NuPay line of business offers its customer base secure managed electronic payment and collection solutions. In addition to consumer-focused services, NuPay also provides robust business solutions designed to process DebiCheck transactions,

addressing the specific needs of businesses across various industries. It's worth noting that NuPay's payment solutions are trusted by over 8 000 businesses, highlighting their established presence and reliability in the industry.



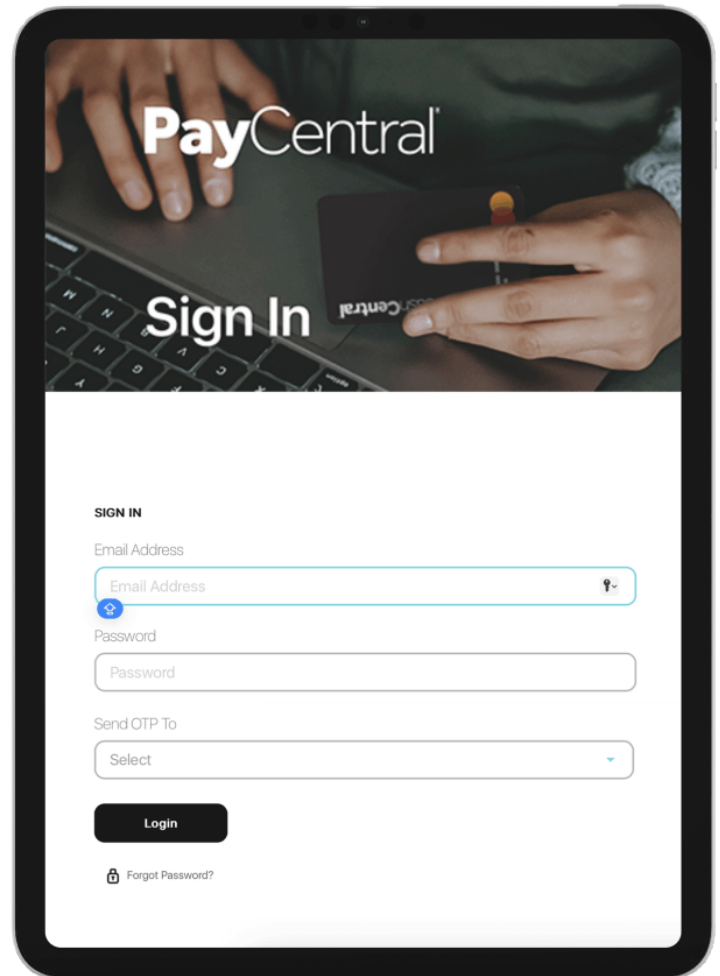
Paymentology partnered with NuPay to extend their co-branded NuCard offering, from the existing credit provider base, to a payroll offering. Norraco: enabling student finance.



# PayCentral™

PayCentral holds a prominent position as one of our top-tier South African co-brands, by issuing a variety of physical and virtual card types, which include reloadable transactional and gift cards. This versatile offering caters to a wide range of needs and preferences, making PayCentral a go-to solution for many.

Through Paymentology's association with the sponsor bank, Standard Bank SA, PayCentral has the capability to provide secure payment solutions to business owners. These solutions offer a safe and dependable alternative to the conventional methods of payroll or bank transfers. By doing so, PayCentral not only ensures the smooth running of businesses but also contributes to their growth by eliminating potential loopholes and risks associated with traditional payment methods.



PayCentral currently has seven active campaigns. These campaigns cover a broad spectrum of services. They offer CashCentral cards that are specially designed for paying wages and salaries to the unbanked, thereby promoting financial inclusion. Other campaigns include fuel cards and medically filtered cards, each serving a specific purpose and audience. They also have a CashCentral+ card that provides more flexibility for its users with its e-commerce capabilities and higher limits.



## CONCLUSIONS

As the digital revolution continues, the vast majority of the world's SMEs are looking for **flexible payment systems that can help them grow** across borders through the digital channel.

Core to this flexibility is the capacity for simple, fast integration with existing systems – while including vital features such as data analytics to inform product development, sales and marketing efforts, or assistance in managing regulatory compliance.

The right payment system is fundamental to an SME's successful internationalisation and growth. Given the cost pressures many SMEs find themselves facing, this system must be cost-effective – yet contain many of the features found in bespoke systems developed for an individual company, from the capacity to accept a wide range of payment methods through to sophisticated fraud defence and more.

Making a great choice when configuring a payment system can prepare SMEs for dramatic cross-border growth in both the physical and digital channels: at Paymentology, we have more than a decade of experience in delivering these systems for SMEs at all stages of growth across Europe, Africa and the Middle East.

For a discussion about delivering a payment system that fits the growth requirements of your business, get in touch with Paymentology at:

[info@paymentology.com](mailto:info@paymentology.com)





# About Paymentology

Paymentology is the **leading next-gen global issuer-processor**.

It gives banks, fintechs and telcos the technology, team, and experience to **easily issue and process any type of physical or virtual card; debit, prepaid, credit, BNPL, revolving and more**. Anywhere in the world, rapidly and at scale.

Paymentology's superior multi-cloud Platform offering both shared and dedicated processing instances, vast global presence and richer real-time data, set it apart as the leader in payments. Their payments experts bring deep, local market knowledge on the ground in 60 countries, across 14 time zones, guaranteeing 24/7 support.

Paymentology is trusted by industry innovators and trailblazers including Orange Bank, Safaricom, Mox by Standard Chartered, TymeBank, MTN, Standard Bank, Mukuru, TrueMoney, Wio Bank, Fondeadora, and Agoda.

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