



# ***How Banks Perceive SMEs & The Relevance of A CFO***

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# How Banks Perceive **ALL** SMEs.....

SMEs are perceived as high risk...

- ✓ High Concentration Risks
- ✓ Key Man Risk
- ✓ Limited Fall-back Options
- ✓ Poor Financial Management & Transparency
- ✓ Unable to Articulate Financing Needs
- ✓ Poor Corporate Governance and MIS

# Financial Management & Transparency

- ✓ Is there proper planning of cash flow
- ✓ Is there a budgeting process and discipline in control of funds
- ✓ Is there proper, timely disclosure to lenders?
- ✓ Are there good financial systems in place (debtor control, collections, payables management etc.)

# Financing Needs Known?

- ✓ If borrower, lender management critical
- ✓ Need for finance planned well in advance?
- ✓ Knowledge of financing structure?
- ✓ Ability to handle and negotiate with banks?
- ✓ Structuring Bank Finance Critical: Spectre of Pari Passu
- ✓ Lenders Hate Surprises

# Corporate Governance & MIS

“So good corporate governance is all about ensuring that the needs and interests of all of an organisation's stakeholders are taken into account in a balanced and transparent manner.”

- ✓ Good and fair treatment of all stakeholders
- ✓ Proper documentation and process management
- ✓ Reputation management
- ✓ Is there proper and good MIS?
- ✓ Are there systems in place to generate the above?



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Thank You

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