Digital Opportunities for MSMEs in Southeast Asia

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PROGRESS TOGETHER

The Tech For Good Institute is a non-profit organisation on a mission to leverage the promise of technology and the digital economy for inclusive, equitable and sustainable growth in Southeast Asia.
COVID-19’s Legacy: Stickiness of Digital

- **30%** (2021) Consumers using digital services for first time during the pandemic
- **90%** (2021) Intend to continue using digital services
- 1 in 2 adopted mobile internet, and digital payments

Source: Platform Economy in SEA 2021 report (Tech For Good Institute)

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Digital Gamechangers for MSMEs

Access to Finance

Operational Efficiencies

Diversification
1: Access to Finance

of the global finance gap comes from the East Asia & Pacific region

Formal Finance Gap by Gender in the East Asia & Pacific region

45% 58%

https://www.smefinanceforum.org/data-sites/msme-finance-gap

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1: Digital Financial Services can help MSMEs access financing

60% of MSMEs surveyed were unable to get a loan when they needed financing

Bain-Google-Temasek ‘The future of Southeast Asia’s digital financial services’ report, SEA-6 O2O Platforms MSME Survey by Bain & Company, May 2021 (N=666); Press releases & company websites
“A bank is a place that will lend you money if you can prove that you don’t need it.”

Bob Hope

“Data can substitute for collateral.”

Agustín Carstens, Bank for International Settlements
1: Digital Financial Services can help MSMEs access financing

- Alternative credit risk modelling
- Broader reach through digital
- Lower cost, scalable digital channels

Provision of loans and other microfinance services
2. Platforms to improve operational efficiency

- Reduce information asymmetry
- Reduce trucks returning empty
- Reduce logistics costs for customers
2. Platforms to improve operational efficiency

- Ability to buy stock and raw materials any time
- No closure or downtime when replenishing stock
- Use of big data facilitates expansion and growth
3. Diversify revenue

- Expansion to customers beyond original geographical range
- Identification of new areas of consumer need demand
- Build portfolio of earning opportunities

Source: Photo by v2osk (Unsplash)
Opportunities for attention and collaboration

- Invest in connectivity
- Invest in capability
- Invest in trust
a. Investment in energy and digital infrastructure

- **65 million** people lack access to electricity
- **150 million** people lack access to digital technologies

Source: ‘Bringing electricity to all corners of Southeast Asia’, International Energy Agency, December 2017
“Bridging the digital divide: Improving digital inclusion in Southeast Asia” Roland Berger, January 2021
b. Capability development in digital education

- Confident digital adoption
- Usage of digital financial services
- Ongoing digitalisation support for MSMEs


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c. Invest in trust through responsible data sharing
