

The role of strategic alliances amongst financial service companies in providing access to finance for SMMEs in South Africa

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The GDP (Gross Domestic Product) contribution of Small, Medium, and Micro-Enterprises (SMMEs) in South Africa is significantly lower than that of developed markets. This discrepancy is based on inadequate access to formal finance as SMMEs are considered higher risk, which drives commercial banks to limit lending into this segment. In contrast, Mobile Network Operators (Telcos) have introduced FinTech services to compete with traditional banking products, but without significant capital for lending, only a handful of SMMEs have benefitted. The aim of this research was to explore how a strategic alliance between a commercial bank and an MBO (Mobile BigTech Operator) could be leveraged to improve access to formal finance for SMMEs in SA.

An exploratory qualitative approach was adopted, collecting data from a purposive sample of twelve experts, and analysing using NVivo software to identify common themes. Key findings from the study identified several critical factors, including: financial and digital literacy, assessment of SMME creditworthiness by FinTechs, the impact of perceived risk of SMMEs, trust, alignment of the risk/reward model with financial commitment, complementary capabilities, and the redesign of traditional SMME banking models. Recommendations are given for developing a Bank-MBO partnership model to address the SMME financing gap.

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1. Introduction

1.1. Background

The Small, Medium, and Micro-Enterprise (SMME) sector in South Africa (SA) is a pivotal part of the economy, with research from the IFC (2018) estimating that SMMEs account for 34% of Gross Domestic Product (GDP) and 50% to 60% of employment. This contribution, however, pales in comparison to that of developed markets where SMMEs can account for as much as 70% of both GDP and employment (ILO, 2019). This disparity between SA and developed countries can be attributed to the sector's limited access to formal finance in SA, as SMMEs are viewed as high-risk by registered financial institutions. This makes it challenging for them to secure funding for operational and expansion activities, and in some cases, survival (Msomi & Maharaj, 2022; Raji 2021; Zondi, 2017).

Menzies and Erwin (2018) estimate that the SMME financing gap in SA is between R86 billion and R346 billion, with several challenges such as information asymmetry and funding costs, inhibiting formal lending into the segment. Information asymmetry in the SMME lending environment makes it difficult for banks to extend credit as these SMMEs rarely keep accurate financial records, hence their creditworthiness cannot be correctly assessed (Msomi & Maharaj, 2022). This becomes a disincentive for banks to extend credit as lower credit ratings attracts higher risk weights, against which the bank would need to allocate more capital (BIS, 2023; Asah *et al.*, 2020). Furthermore, when finance is extended to SMMEs, funding costs are increased to account for the potentially higher default risk, which disincentivises the SMME from accepting it (Menzies & Erwin, 2018). This confirms that while the big commercial banks in SA have sufficient capital buffers (Absa, 2023; Firststrand, 2023; Nedbank, 2023; Standard Bank, 2023), lending to SMMEs is limited due to higher perceived risks, thus constraining formal credit accessibility in this segment (Raji, 2021). The South African Reserve Bank (SARB) records the total lending activity in the economy and highlights that as of April 2023, total lending to SMMEs (retail and corporate) stood at R702 billion, equating to just 8.5% of total gross credit exposure, indicating that SA banks are generally risk averse when it comes to SMMEs. This aligns with The World Bank (2019) estimates showing that 40% of SMEs in developing nations have a financing gap equal to \$5.2 trillion each year, while approximately 50% of formal SMEs struggle to access any form of formal credit.

For several years, Mobile Network Operators (Telcos) in SA, through their Financial Technology (FinTech) divisions, have been offering financial services to consumers to drive financial inclusion through products such as Mobile Money (MoMo), cross border remittance and Airtime Advance (Sy *et al.*, 2019; Pollio & Cirolia, 2022; Vodacom, 2022; MTN, 2023). This has evolved into Telcos

providing full FinTech services to compete with traditional banking products, including SMME funding to try to close the financing gap described above (Sy et al., 2019; The World Bank, 2022). Unfortunately, Telco FinTechs - known as “BigTechs” (Cornelli et al., 2022) or Mobile BigTech Operators (MBOs) in SA - use their balance sheet capital for infrastructure and products (such as Airtime Advance) that aid the Telcos core business, thus restricting the MBOs ability to meaningfully increase the funding pool for SMMEs (The World Bank, 2022). This was reaffirmed by Vodacom (2022), who reported an SMME loan advances book of just R185 million, which is only a fraction of the Airtime Advance loan book of R12.8 billion.

1.2. Problem Statement

Actively increasing bank lending into the SMME segment could aid in growth and increase their contribution towards both economic and employment growth. However, it would require banks to mitigate the challenges of asymmetric information and the resultant higher cost of funding, hence changing their perspective on the perceived risk (Cornelli et al., 2022). On the other hand, MBOs have a vast customer database, through their Telco parent, that could provide micro-level non-financial data to help determine credit worthiness and potentially reduce default risk (Cornelli et al., 2022). However, as their capital allocation is geared toward the returns of their parent company, they are less focused on balance sheet lending hence leverage Peer-to-Peer (P2P) or Crowdfunding platforms (Raji, 2021), which is synonymous with traditional FinTechs.

However, little research has been conducted in this area as to how these funding opportunities can be addressed. Consequently, the problem statement is to identify how a strategic alliance between a commercial bank and an MBO can be leveraged to improve access to formal finance for SMMEs in South Africa, while establishing the critical success factors necessary for such a partnership to exist.

1.3. Research Objectives

To address the research problem, the following research objectives of this study are as follows:

- 1) To determine the factors that inhibit SMME adoption of FinTech and MBO financing in South Africa.
- 2) To identify the critical success factors needed for a strategic alliance between a commercial bank and an MBO.
- 3) To assess how these partnerships can be leveraged to improve access to finance for South African SMMEs.

This paper is structured as follows: a literature review identifying the prior studies against each of the research objectives, the research methodology employed, the results and findings of the qualitative analysis, the managerial implications, and the conclusions, recommendations, and limitations of the research.

2. Literature Review

This section covers a background to the finance and technology platforms, and then reviews prior studies for each of the three research objectives. Literature review can be introduced better, flow is key.

2.1. Background to FinTechs and BigTechs

FinTech is defined by Leong and Sung (2018) as a combination of finance and technology using innovative ideas to improve financial service processes, leading to new business models, with applications in payments, money transfers, insurance, and financing. BigTech is described as large technology companies with significant customer networks that have expanded into providing financial services through their existing platforms (FSB, 2020). These firms have core businesses in the digital environment which are non-financial in nature, including emerging market Telcos (Cornelli et al., 2022). The primary use for these platforms in emerging markets is for mobile money transactions (MoMo).

2.2. Factors inhibiting SMME adoption of FinTech/MBO financing

Smartphone penetration

While Kemp (2023) estimates that 187% of the SA population have mobile connections, SA smartphone penetration is estimated at 51% by ICASA (2023), although aggregated data from Vodacom (2023), MTN (2022), and Telkom (2022) show penetration closer to 67%. However, even with relatively high smartphone penetration rates in SA, Hatch et al. (2019) show that FinTech adoption rates by SMMEs outside of China is relatively low.

Consumer acceptance of technology

According to Hatch et al. (2019) (Figure 1), global adoption rate of FinTech by SMMEs stands at 25% (17% excluding China). Across five markets analysed, usage of the four categories tested - banking and payments, financial management, financing, and insurance (Eickhoff et al., 2017) – show China had the highest adoption rate at 61%, while SA stood at just 16%, which highlights the greater adoption of technology by China.

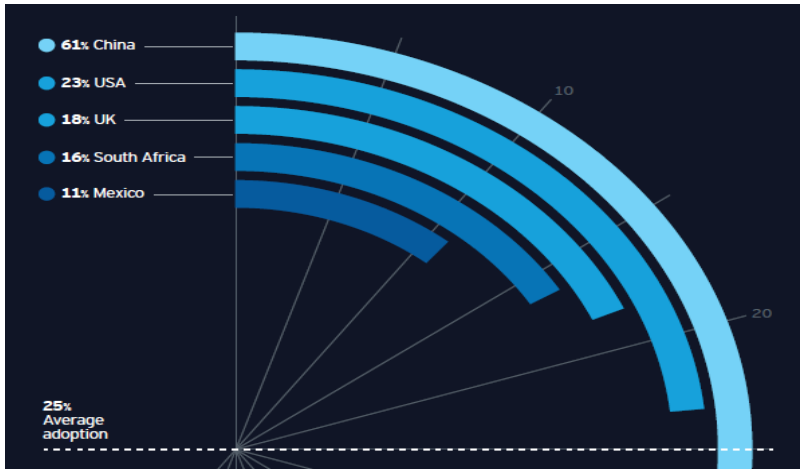


Figure 1: SME FinTech adoption across 5 markets (Source: Hatch et al., 2019)

Successful technology adoption is influenced by the degree to which users incorporate the technology into their lives (Rogers, 1983, 2003). The Technology Acceptance Model (TAM) (Figure 2 2) by Davis (1985, 1989, 1993) is considered appropriate in explaining e-commerce and internet behaviour (Adapa, 2008), thus is an appropriate method to measure FinTech adoption according to Singh et al. (2020).

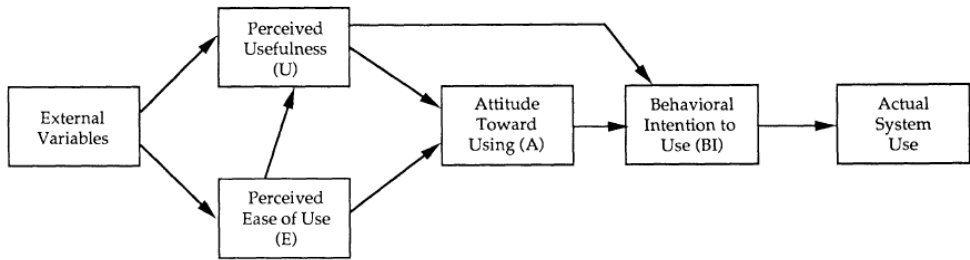


Figure 2: Technology Acceptance Model (TAM) (Source: Davis et al., 1989)

Perceptions around “ease of use” and “usefulness” are drawn from TAM as they forecast acceptance and use of new technology (Davis, 1985). Perceived usefulness is the extent to which it is believed that using technology will improve operational and financial outcomes and is vital in influencing technology adoption (Chen & Barnes, 2007), while perceived ease of use considers how easy the technology is to use (Davis et al., 1989). As SMMEs rarely have time for burdensome tasks, FinTech mitigates this through smarter and quicker processes (Li et al., 2023), hence confirming that ease of use and usefulness are appropriate measures, and that TAM should be applied.

Lack of awareness

Hatch et al. (2019) show that global consumer awareness of FinTech borrowing services is as low as 24% (Figure 3), with this statistic appropriate for SA as a large part of the SMME segment encompasses lower income self-employed individuals (DTI, 2008).

FIGURE 3 | Consumer awareness of FinTech services in each category

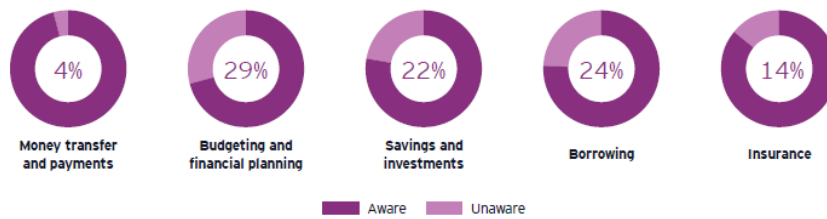


Figure 3: Consumer awareness of FinTech services (Source: Hatch et al., 2019)

While FinTech services provided by SA Telcos are actively used, consumers and SMMEs might not be fully aware of all the services available, as Telcos focus mainly on MoMo and Airtime Advance (MTN, 2022; Vodacom, 2023). In addition, Singh et al. (2020) argues that level of awareness of FinTech is driven by years of Internet experience, with Kemp (2023) highlighting SA internet users having recently grown to approximately 71% of the population. However, as MBO services have developed faster than the rate of internet usage amongst smaller SMMEs, awareness has lagged, thus MBOs are not seeing uptake of products such as lending (Abbasi & Weigand, 2017).

Perceived costs

Ismail and Masinge (2011) defined perceived costs as how much an individual thinks the utilisation of mobile banking will cost them, which in turn impacts adoption. This concept can be applied to FinTech services as MBO transactional costs could influence use, acknowledged by Cruz et al. (2010) in research which shows how perceived costs cause reluctance in the use of mobile banking services in Brazil. Liu et al. (2022) show through research in China, that BigTechs serving underserved or unserved parts of the population with limited access to credit, offer unsecured finance to SMMEs at an interest rate of 14.6% compared to 8.5% at commercial banks. This is due to SMMEs requirements for funding, shorter terms, and higher cost of capital used for this lending. This indicates that FinTechs or BigTechs in their current form are more costly for SMMEs to use.

Perceived risks

Keong et al. (2020) defines perceived risk as the perception of vulnerability amongst consumers and potential negative effects related to FinTech, while Ryu (2018) identifies financial, legal, and security risks as those that could negatively influence FinTech adoption. Luo et al. (2010) show that financial risks have increased, with fraud negatively impacting FinTech adoption and use, while Keong et al. (2020) argue platform fees impact SMMEs intention to use FinTech. In addition, failure of FinTech platforms can lead to lower adoption (Keong et al., 2020) as it could cause disruption and financial losses, leading to distrust (Ryu, 2018). Lack of regulation in SA FinTech markets pose a legal risk as adopters could be negatively impacted by conduct, including reckless lending practices (Bowmans, 2017), causing SMMEs to be exposed to excessive debt, which could cause systemic risk in the

financial sector (Vives, 2019). Finally, security risks encompass misuse of SMME data, hence data protection is vital in the FinTech environment (Keong et al., 2020). SMMEs will lose trust in FinTechs if financial losses occur because of data breaches or violation of privacy laws (Bowmans, 2017), impacting perceptions of “usefulness” and reducing usage.

SA's cash economy

Mastercard (Bizcommunity, 2017) showed that 96% of informal SMME transactions in SA were in cash, while 90% of them ran cash-only operations even though digital payments could increase their revenues by up to 50%. Cash use continued given the perceived costs of FinTech, lack of awareness, unknown benefits of digital, tax evasion, and informal sector wages being paid in cash. Hence, while 59% of informal merchants and 69% of consumers had smartphones, use of FinTech solutions was non-existent (Bizcommunity, 2017). Post the relaunch of MBO FinTech services by MTN and Vodacom in 2020, Forbes Africa and Mastercard (2023) showed that 95% of informal SMMEs still preferred cash payments as 80% are not formally registered (Flötotto et al., 2022), and while most face funding challenges, formal loans expose them to the financial and administrative burden of tax (Abrie & Doussy, 2006; Olla, 2016). However, the turnover tax system (SARS, 2022) only requires tax from businesses with an annual turnover greater than R335,000, and with the majority of SMMEs (71%) generating revenue under R200,000 (IOA, 2018), even if they were registered formally, they would not be liable for tax.

Capital constraints

With formal lending in SA governed by the FSCA and Banking Regulations Act, for a FinTech or BigTech to offer finance to an SMME, they are required to follow the same rules as formal lending institutions (Bowmans, 2023; SARB, 2012). Traditional FinTech operators do not have much capital, which drives them toward P2P (Peer-to-peer) lending, which is a capital light strategy (CGFS & FSB, 2017). MBOs in SA, however, use most of their capital to grow the Telcos core business, thus restricting capital use for SMME lending (The World Bank, 2022). Thus, for lending in the FinTech and MBO environment to improve, it requires a committed allocation of capital toward balance sheet lending activities.

2.3. Critical success factors for bank and MBO strategic alliances

The purpose of a strategic alliance is based on requirements for resources and capabilities that a firm does not itself have access to (Klus et al., 2019). Anagnostopoulos (2018) and Kliber et al. (2021) address the competition that exists between commercial banks and FinTechs, stating that it has transformed into collaboration over the years. Banks have financial aptitude, physical infrastructure, and a steady client base, whereas FinTechs/BigTechs have innovative technology, with cooperation rather than competition (Bömer & Maxin, 2018) allowing entry into new markets.

Bartolacci et al. (2022) and Biggs (2006, cited in Kinderis & Jucevicius, 2013) highlight CSFs for alliances which are applicable to Banks and FinTechs: strategic alignment and common vision, competence and experience, cultural compatibility, management dedication, and trust:

Strategic alignment and common vision

Jemaa-Boubaya et al. (2020) argue that strategic alignment is vital for the stability of alliances. This considers the position of a bank and MBO alliance which is aligned in resolving the SMME financing gap. Kauser and Shaw (2004) found that successful alliances are based on mutual trust and commitment of the partners to achieve a common vision, while Bartolacci et al. (2022) argues that minority investments are the most common alliances allowing banks to adopt FinTech expertise, while allowing dissemination of FinTech information, with alignment required for this to happen.

Competence and experience

Glavee-Geo et al. (2020) argues that in underserved or unserved markets, competence, and experience within Bank-FinTech partnerships can lead to customer centricity, while value creating partnerships lead to objectives being achieved (Geringer, 1991). While SMME requirements and customer centricity are vital, banks limit lending to SMMEs given their lack of market knowledge which hinders their ability to identify opportunities for expansion. Temelkov and Samonikov (2018) signal that Bank-FinTech partnerships can benefit SMME lending as FinTech data can analyse SMME behaviour, with the latter also true for MBOs given their access to micro-level data from their Telco parents.

Cultural compatibility

Sarkar et al. (2001) state that cultural compatibility is the similarity in alliance organisations' vision and values but requires appropriate alliance partners who are willing to compromise for collaborative success. Hommel and Bican (2020) argue that culture and market proximity are crucial with banks having knowledge of their market and customers, while FinTechs offer technological innovation and agility.

Management dedication

Management dedication toward an alliance also plays a significant role in ensuring competitive advantage and value creation, leading to alliance success according to Russo (2017). Banks with digital strategies are more inclined to form alliances with FinTechs (Hornuf et al., 2021).

Trust

Partner trustworthiness is positively correlated with cultural fit (Esen & Alpay, 2017), emphasizing its importance in cultivating mutual trust and commitment, while Kauser and Shaw (2004) argue that the level of mutual trust is stronger in successful alliances. Thus, for banks and MBOs to partner

successfully there must be a high level of mutual trust and commitment toward the alliance and its strategy.

2.4. Leveraging partnerships to improve access to finance for SMMEs

The Resource Based View (RBV) is a strategic framework suggesting that the resources of a firm are vital in the development of valuable capabilities which can lead to sustained competitive advantage (Barney, 1991). Kamasak (2017) discuss the concept of tangible and intangible resources, with the latter considered a firm's core competence (Harvey & Lusch, 1997). Resources are a key reason for the emergence of alliances (Giura, 2015), as it enables access to an alliance partners resources and capabilities. The comparison of tangible and intangible resources for bank-MBO alliances are given in Table 1:

Table 1: Bank and MBO Resources

Resource	Banks	MBOs
Physical (Tangible)	ATMs Branches	Telco Networks Smartphone Penetration Virtual Platforms
Financial (Tangible)	Capital	Lower transaction costs
Human Resources (Intangible)	Banking Expertise Banking Regulatory Knowledge	Technology Expertise FinTech Regulatory Knowledge
Intellectual Property (Intangible)	Legacy Technology Customer Databases Traditional Credit models	Innovative Technology and Products Customer and Non-Customer Databases New Risk/Credit models
Brand Equity (Intangible)	Reputation and awareness	Reputation and awareness

Source: Johnson et al. (2008); Barney (1991)

Physical resources

Bank ATMs and branches are key resources, but an MBOs virtual platform and their Telco parent networks are vital additions to an alliance. Cornelli et al. (2019; 2022) mention the significance of Telco networks and FinTech platforms as drivers of credit growth amongst SMMEs, with the ability to access the customer through virtual means. Banks, however, still reach customers through traditional means, but an alliance could change the traditional distribution channel to a virtual model via mobile phones.

Financial resources

Capital is considered vital for growth as noted by SA’s incumbent banks (Absa, 2023; Firststrand, 2023; Nedbank, 2023; Standard Bank, 2023). While MBO platforms have low operating costs and are reducing customer transaction costs (Temelkov & Samonikov, 2018), balance sheet lending is limited as capital is used for enabling growth of their Telco parents core business. This means FinTechs and BigTechs increase the SMME funding pool (Temelkov & Samonikov, 2018) mainly through P2P lending, which is small in comparison to bank lending activity.

Human resources

Human Resources (HR) talks to regulatory knowledge and expertise within the respective alliance partners industries. Alliances must consider banking and FinTech regulation (Bowmans, 2017; SARB, 2012) as they will need to abide by these laws to operate. Banks would offer the alliance strong

traditional customer management skills, while MBOs have strong technology expertise that would help marry the product to the market.

Intellectual property resources

Intellectual Property (IP) is probably the most vital part of the alliance and encompasses the previous three resources mentioned. By understanding customer demands, FinTechs create differentiated products (Dietz et al., 2016), continuously innovate and create a technological advantage, that shortens application processing times and resolves asymmetric information challenges.

Brand equity

Brand equity (BE), the inherent value of the brand intangible asset, can aid in increasing market share, profits, and value (Lin, 2015). Keller (2013, cited in Akbarov, 2018) argues that customer attitude impacts a brand, with a strong customer-based brand equity a function of awareness, reputation, and positive interactions with the brand. Commercial banks in SA have strong brand awareness and BE given their scale and market dominance, hence there is strong brand attractiveness. MBOs however benefit from the BE of their Telco parent, whose brand awareness and attractiveness are similar to banks.

2.4 Summary

The results of the prior studies reviewed in the literature are summarised in the following table 2 to show the linkage back to the Research Objectives of this study:

Table 2: Prior findings per Research Objective

Research Objective	Key Findings	Key References
RO1: Factors that inhibit SMME adoption of FinTech and MBO financing	<ul style="list-style-type: none"> • Smartphone penetration • Consumer acceptance of technology • Lack of awareness • Perceived costs • Perceived risks • SA’s cash economy • Capital constraints 	ICASA (2023) Hatch et al. (2019) DTI (2008) Singh et al. (2020) Liu et al. (2022) Keong et al. (2022) Flötotto et al. (2022) CGFS & FSB (2017)
RO2: Critical success factors needed for a strategic alliance between a commercial bank and an MBO	Strategic alliance - agreement to share resources. <ul style="list-style-type: none"> • Strategic alignment - common vision. • Competence and Experience within Bank-FinTech partnerships. • Cultural compatibility - similarity in vision and values. • Management dedication for competitive advantage and 	Anagnostopoulos (2018), Kliber et al. (2021) Bartolacci et al. (2022), Biggs (2006) Jemaa-Boubaya et al (2020) Glavee-Geo et al. (2020) Hommel & Bican (2020) Hornuf et al. (2021)

	<p>value creation.</p> <ul style="list-style-type: none"> • Mutual trust - reduces transaction costs between partners. 	Esen & Alpay (2017)
RO3: Leveraging partnerships to improve access to finance for SMMEs	<p>RBV - alliances enable access to partners resources and capabilities - creating competitive advantages</p> <ul style="list-style-type: none"> • Physical resources • Financial resources • Human resources • Intellectual property resources • Brand equity 	<p>Kamasak (2017), (Harvey & Lusch, 1997), (Giura, 2015)</p> <p>Cornelli et al. (2019; 2022)</p> <p>Temelkov & Samonikov (2018), Dietz et al. (2016)</p> <p>Lin (2015), Keller (2013)</p>

3. Research Methodology

3.1. Research approach and strategy

As there is current dearth in research on this topic, particularly in South Africa and given the relative infancy of this industry, an exploratory approach was adopted (DeCarlo, 2018), utilising a qualitative strategy with a deductive-inductive methodology (Bell et al., 2019) and a cross-sectional approach (Wang & Cheng, 2020).

3.2 Population and sampling

The study population comprised the main role players in the South African FinTech industry. As FinTech and MBO financing are relatively new concepts in the SA context with research in an early stage of development, it would be challenging to find a large enough SMME population to sample, so non-probability purposive sampling was used (McCombes, 2019). Respondents for this research study were selected based on their experience and meeting one of the following roles: SMME Owner/Operators; Bank Employees in Strategy, Digital/FinTech, and SMME Lending; FinTech Analysts/Consultants; FinTech and MBO/Telco Employees; Credit Bureau Employees/Consultants. To gather primary data twelve to fifteen respondents were targeted. Access to these respondents were obtained through internal bank channels, existing relationships with Telcos and FinTech companies, as well as external networks and relationships. The limitation of this approach of non-probability sampling is that it cannot yield statistical inferences about the population (Greener, 2008). Thirteen participants were interviewed in total, however saturation point was reached by the twelfth interview, with the final interview excluded as it offered no additional value and was of lower quality.

3.3 Ethics

Bell et al. (2019) discusses four ethical principles, namely: avoidance of harm, informed consent, confidentiality; and preventing deception. Respondents in this research study might consider some of the data collected as private and confidential. Protection of respondents and respondent data is of

utmost importance and aligns with Henley's ethical research standards. To ensure this research study abides by these rules and standards, respondent personal information and identities are kept confidential, and the data collected is anonymised and will not be released to anyone outside Henley Business School. Furthermore, ethical clearance was approved by Henley Business School prior to the gathering of data.

3.4 Data collection

In-depth interviews were conducted by telephone and in person, and the conversations were recorded with the permission of the interviewees. The research instrument was a semi-structured interview schedule to probe the research objectives relevant to this study. The questions were shared with the participants in advance to allow them to respond appropriately. Interviews were recorded and transcribed via Microsoft Teams; however, an element of manual transcription was used to ensure accuracy of the transcription data and output. Post interview analysis was conducted, confirming the interpretation of respondent data was an accurate translation, to reduce researcher bias.

3.5 Data analysis

As this was a qualitative study, the main method utilised was content analysis, whereby the data was analysed to identify themes. Data collected from interviews were analysed and coded as each interview was conducted, allowing for identification and creation of codes from the start of the cross-sectional time horizon. The data gathered was analysed using NVivo software to identify common themes through pattern coding (Hilal & Alabri, 2013; Nowell et al., 2017). These themes were then compared against existing frameworks and literature to confirm if they corresponded to such literature or added new insights to the body of knowledge, enabling the development and presentation of key findings and recommendations.

3.6 Research criteria

For quantitative research, the issues of validity and reliability are critical. However, for qualitative research, it is important to ensure trustworthiness in data collection and analysis (Nowell et al., 2017; Connelly, 2016). According to Lincoln and Guba (1985, cited in Enworo, 2023), Trustworthiness is achieved by addressing Credibility and Transferability (supports internal and external Validity respectively), Authenticity and Dependability (supports Reliability), and Confirmability (investigates Objectivity).

Credibility and Transferability

Credibility considers the alignment between respondent data and the authors interpretation of the data (Tobin & Begley, 2004). Using semi-structured interviews established a consistent format of questions for the respondent to answer. Furthermore, while there are several methods to address

credibility discussed by Lincoln and Guba (1985, cited in Nowell et al., 2017), post interview analysis was used as an external check to increase credibility of the data gathered.

Transferability measures the extent to which results from research studies are pertinent and transferable into another context (Tobin & Begley, 2004). The research report provides detailed definitions of the work and the context to help improve transferability.

Authenticity and Dependability

This is achieved by ensuring the method followed is logical and authentic (Tobin & Begley, 2004), and can be measured through an audit process (Koch, 1994, cited in Nowell et al., 2017). The study addresses this by keeping raw data such as the transcripts and recordings (Halpren, 1983 cited in Nowell et al., 2017).

Confirmability

Confirmability determines if interpretation and findings are derived from output data, including the methods used to derive conclusions (Tobin & Begley, 2004), and furthermore talks to repeatability of the study. Guba and Lincoln (1989, cited in Nowell et al., 2017: 3) state that “confirmability is established when credibility, transferability, and dependability are all achieved”, hence this is addressed accordingly in the study as confirmed above.

4. Results and Findings

4.1 Participant Demographics

The details of the participants are given in Table 3:

Table 3: Classification, Industry, and Size of Company

Classification	Industry and/or Role	Size of Company
Consultant	Fintech	N/A
	Credit Bureau	N/A
Financial Services	Telco/Fintech Analyst	Big SA Bank
	Bank FinTech/Digital	Big SA Bank
	Bank SMME Lending	Big SA Bank
	Credit Bureau	Largest in SA
FinTech	FinTech	Largest in SA
Telcos	Telco/MBO	Largest in SA
SMMEs	Manufacturing	Small
	Mining	Small
	Chemicals	Medium

	Technology	Medium

Within financial services, individuals from the most dominant banks in SA were interviewed, while a broad range of SMMEs were interviewed from various industries. Industry experience for Consultants, Financials Services, FinTech, and Telcos ranged from five to forty-two years, while SMMEs ranged from six to ten years.

4.2 Foundational Elements

At the beginning of each interview, in addition to the questions about industry and experience, participants were asked foundational questions to establish their knowledge of FinTechs and MBOs and their understanding of the challenges SMMEs face when attempting to access formal financing.

Consultants, service providers and larger SMME participants had a good understanding of FinTechs and MBOs, with comments that FinTechs “*are niche players leveraging technology, offering an alternative to mainstream financing*” (P-11), while Telcos/MBOs were defined as “*massive from a revenue, geographic and customer perspective and now trying to cater for a multitude of products, services, and solutions for customers*” (P-4) and “*are large technology companies offering financial services through their mobile platforms*” (P-12). These definitions were broadly in-line with those from Leong and Sung (2018) for FinTech and by the FSB (2020) and Cornelli et al. (2022) for BigTech (or MBOs). However, smaller SMMEs had a more basic understanding of FinTech, stating they are “*companies who provide financial services and solutions*” (P-10), and a very limited to no understanding of MBOs with one claiming they are focused on social media.

When asked about the challenges that SMMEs face in accessing formal financing, respondents noted bank requirements with trading and credit history, documentation, collateral, and higher funding costs, as the most common deterrents. This correlates with the work from Rusu and Roman (2017) which discusses cost of funding, information asymmetry, collateral requirements, and extensive loan application processes (Eyiah et al., 2018), along with credit scoring dynamics from Pagano and Jappelli (1993). Distribution channels were not cited by participants as an inhibiting factor; however, risk appetite was raised and is considered a new element.

4.3 RO1: Inhibitors of SMME adoption of FinTech/MBO financing

Awareness

Participants unanimously agreed that lack of awareness and knowledge about FinTech and MBO products was the most important inhibiting factor for RO1. Consultants and service providers said “*There's a lack of information, as there's no single place you can go to like a bank where you can*

walk in” (P-2), “Where do I get it? Which Fintech offers it? How do I apply for it?” (P-2), and “There’s a lack of education, lack of understanding” (P-4).

SMMEs mentioned similar challenges, highlighting their lack of awareness:

- “Just a lack of knowledge or awareness that these companies do offer these things” (P-10)
- “As a small company you are risk averse and if you're not sure about something, you'd rather just stay away from it” (P-10)

These remarks support the study by Hatch et al. (2019), which demonstrates that little is known about FinTech lending.

Marketing

The element of marketing was included with one participant stating that SMMEs were “aware of financing options to the extent there's marketing available, but FinTechs generally do not have big marketing budgets” (P-5) which limits their market exposure. It was also claimed that “They use online digital marketing, but most SMMEs might not be targeted by those campaigns” (P-5), which could be attributed to the higher perceived risk of SMMEs discussed by Bushe (2019) and linked to the risk appetite of the FinTech/MBO.

Financial and Digital Literacy

A second element of financial literacy was discussed by the majority of respondents with a smaller SMME stating “you need someone who can explain the product to a client” (P-10) while another claimed that SMMEs want unsophisticated systems. Other participants stated that “people running SMEs don't really understand the offering” (P-6), while others felt that poor financial literacy drives the lack of understanding of cash alternatives, while SMMEs also have very limited digital literacy.

Technology Acceptance

As TAM is considered by Singh et al. (2020) as an accurate way to view adoption of FinTech with ease of use positively impacting usefulness, when prompting participants on FinTech and MBO usefulness and ease to use, consultants and service providers said:

- “If you have to compare it to the traditional banking industry, it's far easier to use” (P-2) – aligned to work by Li et al. (2023)
- “Enabling people who are typically unbanked” and “Access to financial services that they may not otherwise be able to get access to” (P-6)

Internet Access and Smartphone Penetration

“Internet access still remains a barrier for the ease of use of many fintech products” (P-8), which is consistent with Singh et al.'s (2020) argument that level of awareness of FinTech services is driven by

Internet experience. A FinTech/MBO participant mentioned that an inhibitor would be the “*degree of infrastructure and internet connectivity that an SME has*” (P-12), which links to limited digital literacy described above. However, “*smartphone penetration can be limited with many South Africans using older feature phones*” (P-7). This supports the argument that smartphone penetration could impede a small business from accessing FinTech/MBO funding. These viewpoints align with those of Abbasi and Weigand (2017).

Borrowing Costs

“*The difficulty on their side is access to capital and the cost of capital, which makes actual lending to the final consumer quite expensive compared to the rate you get from a bank*” (P-2). This aligns with Ismail and Masinge (2011) and Cruz et al. (2010) who reveal the influence perceived costs have on FinTech service usage. “*You pay much higher a return and that's due to the FinTech having a higher cost of funds because it doesn't have deposits*” (P-2). This follows from Liu et al. (2022) who showed that in China BigTech interest rates levels are well above those offered by banks, due to SMME desperation for funding and higher cost of capital for the BigTechs.

How FinTechs Lend

A few respondents claimed “*FinTechs lend on a cashflow basis, not based on collateral and surety, but based on future cashflow to decide how much to lend but if they don't see that cashflow, the mobile operator or normal FinTech will struggle to lend to that SMME*” (P-2). Unfortunately, as the application process is online, there is no discussion with the owner, hence there’s “*No relationship financing, it's all transactional, and template driven*” (P-4). In addition, loan terms were considered a risk with claims that “*payback period is more restrictive at a FinTech compared to traditional banking*” (P-2), while SMMEs stated “*With FinTechs there's no history of how they operate, but banks you know the terms upfront and they're not going to really deviate*” (P-10), which links to trust.

Risk Appetite

This element was highlighted by some participants earlier when asked about SMME access to formal financing but was again raised relating to FinTech/MBO borrowing costs. An SMME stated that “*FinTechs and MBOs may not necessarily be interested in the SMME market*” (P-12), while a CFFT participant asked the question “*How willing are providers of finance to accept and manage risk*” (P-8), and another stated “*SMMEs have a big burden of proof to demonstrate they financially viable and worthy of receiving that loan*” (P-5).

Cash Economy

One participant noted that “*As soon as salaries get paid into accounts, they draw their money and do their groceries, paying cash, because those places in many cases only accept cash*” (P-1), hence

SMMEs only accepting cash drives consumer behaviour. Another noted that “*Cash is king, and it will be in South Africa for many years to come*” (P-4). This becomes a vicious cycle as cash continues to circulate in large quantities. While one CFFT respondent stated “*SMMEs realize that it's safer, and there's a big move towards electronic payment mechanisms*” (P-3), this was an outlier comment.

A crucial point made was “*With SMMEs who are very cash intensive, it makes it difficult because you don't have receipts and income statements are very difficult to prove*” (P-5), which impacts a FinTechs ability to lend to those SMMEs as they lend on a cash flow basis.

Perceived Risks

Psychological elements were introduced by many of the participants when asked about risks, with one respondent claiming there's a “*Fear factor of what are we getting into with this organization?*” (P-1). This aligns with Keong et al.'s (2020) view that perceived risks related to the perception of vulnerability amongst consumers, while Ryu (2018) identified three types of risks (financial, legal, and security) impacting FinTech adoption. These three types of risks were also identified by respondents.

4.4 RO2: Critical Success Factors for Strategic Alliances

Strategic Alignment

Strategic Alignment was the most common CSF with the vast majority of participants identifying it as critical, which aligns with Jemaa-Boubaya et al. (2020) who argue it is a key requirement for alliances. However, Kauser and Shaw (2004) also found that successful alliances are based on trust and commitment of partners to a common vision, which was also raised – “*The nature of any alliance really starts with common purpose*” (P-5).

Some consultants and service providers said “*Everybody must know the direction you are going and create a safe environment for sharing ideas*” (P-1), while others stated, “*fundamentally must have the same core values, and the same strategic direction*” (P-2). Importantly, it was also raised that alliances must clearly define success criteria for the short-, medium-, and long-term and a road map for performance with defined outcomes.

SMMEs stated that “*For a strategic alliance to work, there needs to be clear alignment and trust between the parties*” (P-9), but the “*Key driver of success is selecting the right partner*” (P-12).

Trust

As discussed in the literature, Esen and Alpay (2017) show that trust between organisations can reduce the transaction costs between alliance partners, with one participant alluding to alliances between MBOs and banks failing due to trust issues as the competition between the organisations

restrict their ability to collaborate, but “*if you can trust each other enough and commit enough resources to the process then it will work*” (P-1).

Communication

To create a high level of trust though, communication is crucial, as “*open, transparent communication is core to building trust and ensuring that both parties stay informed about progress and challenges*” (P-12), along with a disciplined process that ensures communication between the partners.

In addition, recognition of strengths is considered vital, and while the structure must enable adaptability and flexibility, participants felt “*The strategic success factor for the alliance would be a Telco and a Bank knowing what they good at*” (P-8), but roles and responsibilities, along with policies and procedures must be clearly defined at the outset.

Financial Commitment

Financial commitment was also considered an important element as the commitment to an alliance will not be taken seriously if there is no financial pain in establishing such an alliance. It was raised that “*Having the right funding and resources, including human resources*” (P-1) is crucial as it provides the right foundation for the partnership. But more importantly, “*Both need to have skin in the game ... if they go into a partnership and the bank takes full risk of the lend based on the FinTechs data models, if they don't have skin in the game where they share revenue and costs, it will not be successful*” (P-2).

Risk/Reward model

Beyond financial commitment, the majority of participants felt that the Risk/Reward model for the partnership must be well understood. “*The combined positioning should complement their respective competitive positions and business growth. Each of them should see accelerated top line growth, expanded margins, and greater market share*” (P-12). However, they would need to determine how the benefits should be shared as “*Commercial banks will use the MBO to find customers to lend money to and to lower customer acquisition costs but are they going to pay the MBO an origination fee or share revenue? The way in which you carve out profit streams and agree to split them is quite challenging*” (P-5).

Management Dedication

Management dedication was highlighted as an important CSF by the vast majority of respondents, in alignment with Russo (2017) who stated that leadership commitment ensures competitive advantage, leading to successful alliances. Some providers stated that “*total support from leadership*” is needed, “*Having the right people in the room is critical to the success of any partnership*” (P-1), and “*You have to get the necessary priority within the bank to ensure that it's given the necessary focus*” (P-2).

However, “People need to see the leadership of the organization are buying into the idea” (P-1). “If it doesn't have that level of buy in, you tend to see that at the lower levels it fizzles out in terms of commitment towards reaching specific goals” (P-11). There must be common understanding so that people are taken along on the journey, but that can only be done through upskilling and knowledge sharing.

Cultural Fit

According to Hommel and Bican (2020), a strong link exists between cultural fit and collaboration. Cultural fit was brought up as an important CSF by most of the interviewees. It was best described as the “degree of connectivity and communication that would give rise to a natural alliance” (P-12), as it is crucial for fostering a harmonious working relationship, resolving conflict, reducing friction, and enhancing collaboration. Cultural fit is important from the outset as relationships can take time to build up, hence if there is misalignment, it could lead to the alliance failing before those relationships develop into anything meaningful. Linking it back to management, it was said that alliances “can't have a management team that has a big bank mindset and then someone who is entrepreneurial and agile” (P-7), as this would lead to conflict, hence cultural fit is very important.

Legal Considerations

A final element discussed was the Legal aspect of setting up alliances in Financial Services. “One of the key challenges is who owns the customer data and insights” (P-1). As banks are highly regulated, there is a risk in partnering with FinTech platforms. Risks raised earlier in which participants felt SMMEs would lose trust in FinTechs/MBOs if there were data breaches with “information being sold without their permission to third parties” (P-2) - seen as an inhibitor to FinTech and MBO adoption - are applicable to alliances as well.

“End customers must be protected” (P-4). As banks are more regulated, they follow strict protocols when customer data is used, however FinTechs and MBOs might not follow these same protocols, potentially leading to misuse of data and reputational risk for the alliance partners, which could harm their BE.

4.5 RO3: Leveraging Partnerships to improve SMME Financing

Tangible Resources

“You form an alliance because one party might have route to market and the other might have an extensive balance sheet” (P-5). Participants considered tangible resources to be physical, financial and customer resources that each alliance partner could contribute to enhance the distribution of the products created by the alliance.

Physical Resources

Physical resources can refer to both bank and Telco physical infrastructure, and bank and MBO/FinTech virtual platforms, used to access customers. Cornelli et al. (2019; 2022) discuss how MBOs and FinTechs virtual platforms can drive credit growth amongst SMMEs. *“They service really large numbers of customers with a very big channel and distribution network”* (P-5).

Most participants felt that the banks and MBOs physical distribution network are important contributors to the alliance in the context of awareness, customer reach, and driving growth in lending, with some suggesting to *“change the way the Bank branch network and Telco stores work, to help support small business owners”* (P-4), while physical distribution of mobile airtime via kiosks in informal areas is seen as a big advantage as route to market is crucial for launching of a new product. *“What a Telco can bring to the market is physical and digital distribution and its brand and product”* (P-8).

Financial Resources

“If you going to provide finance to SMEs you need access to funding, and it must be a committed line” (P-2). Temelkov and Samonikov (2018) highlighted that MBOs restrict balance sheet lending as their Telco parent mainly use capital for its core business – *“Telcos have no intention of using their own balance sheet to assess credit scores and provide risk - that is the domain of a bank”* (P-8).

Most respondents interviewed said that banks have sufficient capital to dedicate to the alliance for lending activity. *“Where the bank comes into the alliance is to give access to funding”* (P-2). However, one participant felt that funding pools should be created with equal participation from both banks and MBOs. This was not considered possible based on the research presented and comments from all other CFFT participants that Banks needed to be providers of capital.

Customer Base

Research by academics Gupta and Lehmann (2003: 9) emphasize that *“Customers are important intangible assets”*, however as respondents are less familiar with academia, they referred to *“Customers”* as a tangible resource that could be exploited by the alliance. Telcos have many SMME customers, with *“the legal right to communicate with them in terms of the POPI Act”* and *“the ability to hold the data”* (P-5), while the customer has a level of trust in them already. *“MBOs might already have an existing financial relationship with the SMME through some of their services. But the bank could supply the financing”* (P-5). Hence while banks also have large customer bases, as Telcos access many SMMEs already, this is a significant resource they could bring into the alliance.

Brand Equity (intangible resources)

“If you don't have strong brand equity you have to do a lot in terms of marketing, so people know to come to you for a loan” (P-2). This intangible resource is linked to awareness, trust, and marketing, and was unanimously considered as crucial to the success of an alliance, as it improves the chances of

product selection by consumers according to Pitta and Katsanis (1995). The following are some comments shared by CFFTs:

- *“There's a certain level of trust in an organization that has been around for a very long time as opposed to someone they don't know” (P-1)*
- *“On the lending side you do need brand equity because you want to ensure that you're not being overcharged, and that these people are trustworthy” (P-2)*

The customer-based brand equity toward Banks is viewed as positive given the strong customer awareness and reputation of the big SA banks, thus creating a high level of Brand Attractiveness. This can lead to loyalty which was highlighted by one participant who stated, *“the other advantage on brand equity, particularly in financial services is difficulty in switching” (P-4).*

Intellectual Property

Dietz et al. (2016) show that FinTech innovation has led to differentiated products and creation of technological advantages, resulting in ease of use, and increasing perceived usefulness. *“A Fintech partner has a higher degree of expertise around newer forms of tech and agility” (P-12).*

Most participants flagged that FinTechs provide unique technology to remove friction from processes and *“have data that a bank might be able to use to score, example time on network, average handset bill and repayment rates” (P-5)* which could indicate the ability of an SMME to repay a loan. This helps with the challenge of information asymmetry as *“Telcos have very significant and very relevant big data across their populations which can help with credit scoring” (P-8).*

Human Resources

Skills and expertise across risk and regulation, technology and customer management are dependent on the human resources allocated to the alliance. *“People that SMEs have to work with need to be skilled and knowledgeable” (P-9).* A total of 60% of participants raised HR as a crucial resource for an alliance, with upskilling yet again highlighted as a key requirement to ensure staff are knowledgeable and can help SMMEs.

It was also noted that *“People responsible for delivering product must be involved in building of that product” (P-12),* which links back to roles and responsibilities of each alliance partner and their staff.

5. Managerial Implications

Porter (1996) stated that strategy is about creating a unique position to achieve competitive advantage. Of the three generic strategies (Porter, 1980), the author uses a “Differentiation Focus” strategy to address the SMME financing gap, with a “Focus” on the SMME segment, and “Differentiation” of

products such as Bank/MBO financing, to win customers. Consequently, the traditional banking model for SMMEs needs a redesign, with a refresh of the debt repayment model, requirement for holistic banking solutions, and a shift away from transactional (product) toward relationship (customer) banking.

The SMME segment is considered a high-risk market for lenders, however participants thought it was an important market to target. Several hurdles related to data and creditworthiness need to be resolved though, and while MBOs have the platforms and potential customer base for lending, they need the capital commitment, risk management, and regulatory expertise of a bank, to positively impact finance to SMMEs. For management to achieve this, a ten step model (Figure) called the Bank-MBO Partnership (BMP) framework is recommended, encapsulating the key findings from the literature and research study, which could lead to a successful strategic alliance to not only improve access to finance for SMMEs but could also be used to provide a holistic financial services model.

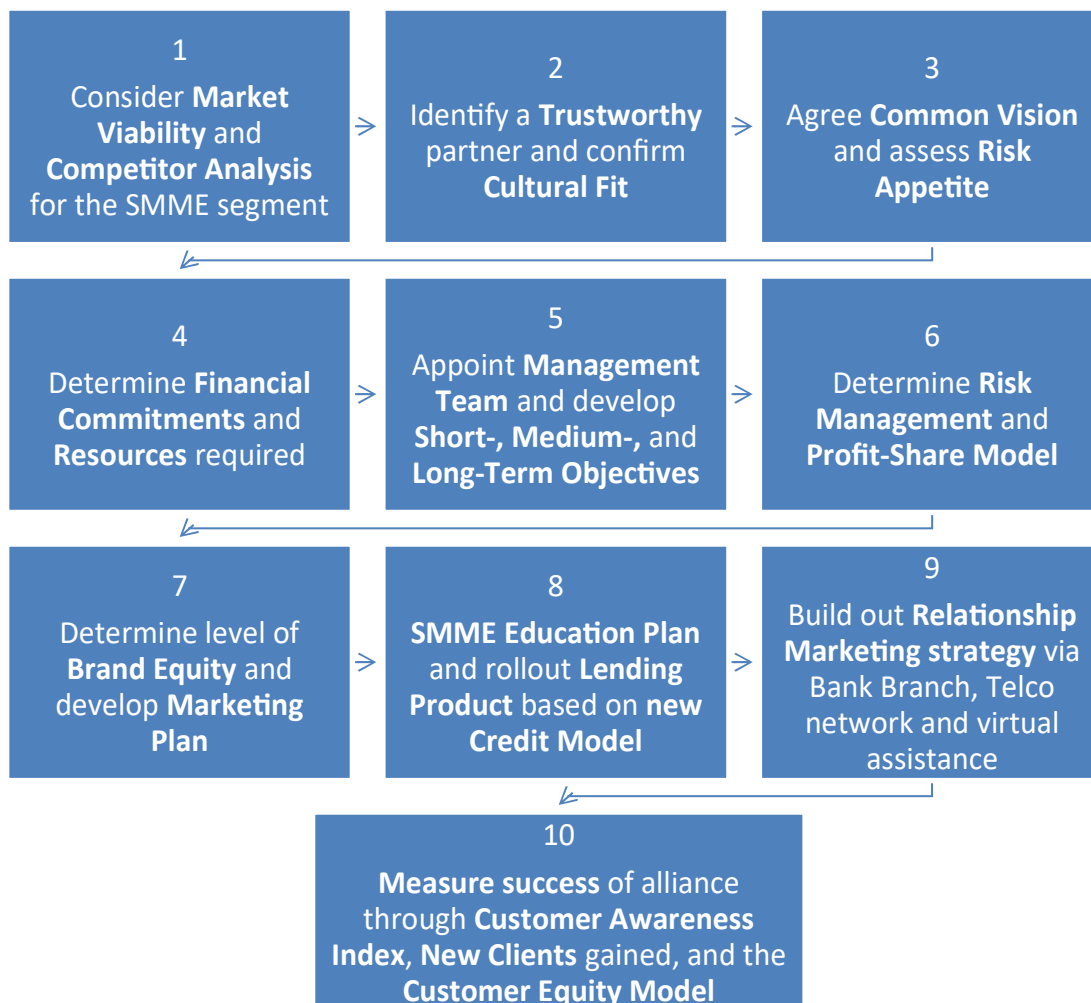


Figure 4: Bank-MBO Partnership (BMP) Framework

Each step within the BMP framework is considered crucial for an alliance to succeed. This starts with an assessment of the opportunity, through a market viability study to judge the size of the SMME

lending market and the potential for an alliance to succeed, including competitor analysis. Next, identifying a trustworthy partner to work with is crucial as the wrong partner can cause harm to the BE of a firm. Cultural compatibility must also be confirmed as part of this process through an interrogation of vision and values, with the next step for them to agree on a common vision before assessing the risk appetite of each firm, and the alliance.

A discussion about capital commitment and resources to be injected is paramount given the reliance on partner contributions to make the alliance work, with the appointment of the management team thereafter to develop the short-, medium-, and long-term objectives of the alliance. This precedes the determination of the risk management and profit-share model, which is a function of each partner's financial and resource commitment.

It is then imperative to understand the level of brand equity of each partner and how that benefits the alliance, and it also determines the marketing and SMME education plan needed to be rolled out through all distribution channels identified in RO3. Thereafter the lending product rollout would take place, based on a new credit model that works off micro-level non-financial data from the Telco (MBOs parent). While the alliance takes advantage of the tech platform from the MBO for lending, a relationship marketing strategy is considered critical to ensure there is sufficient engagement with SMMEs to form sustainable relationships and can be achieved by using existing bank and Telco physical and virtual infrastructure.

The final step in the BMP framework is measurement of success, noting a few different ways to do this:

1. Creation of a Customer Awareness Index which actively survey's SMMEs through virtual and physical channels to determine their level of awareness of both the alliance and products, and thus gauges whether the marketing and education plans are effective.
2. Determining the number of SMME clients conducting business with the alliance compared to how many are being marketed to and educated, is a simple measure of reach and engagement success.
3. Finally, calculating Customer Equity (CE) by multiplying the Customer Lifetime Value (CLV) - which is "the present value of all future profits generated from a customer" (Gupta & Lehmann, 2003) - by the total number of current and potential SMME clients (Rust et al., 2004), is the best way to demonstrate the success of an alliance, as it confirms the value derived from the SMME customer base being targeted. In addition, using a CE and CLV approach can help to guide marketing spend and to identify the most valuable SMME segments to target (Bick, 2009).

6. Conclusions, Limitations and Future Research

6.1 Conclusions to the Research Objectives

RO1 – Factors Inhibiting Adoption

Table 4 summarises the factors that inhibit SMME adoption of FinTech and MBO financing and compares the findings from the literature with the data gathered from the research conducted.

Table 4: Summary - Factors Inhibiting SMME adoption of FinTech/MBO Financing

Literature Findings	Study Findings	Conclusions
Lack of Awareness	Awareness and Knowledge	Identified
	Marketing	New Insight
	Financial and Digital Literacy	New Insight
TAM	Technology Acceptance	Identified
Smartphone Penetration	Internet Access and Smartphone Penetration	Identified
Perceived Costs	Borrowing Costs	Identified
	How FinTechs Lend	New Insight
	Risk Appetite	New Insight
SA's Cash Economy	Cash Economy	Identified
Perceived Risks	Financial, Security, and Regulatory Risks	Identified
	Trust	New Insight
Capital Constraints		Partially Identified

Inhibitors identified in the literature broadly correlated with those defined by respondents, however five new insights were included. A critical new contribution of RO1 is the thread of financial and digital literacy, not included in the literature. Financial literacy relates to the lack of knowledge and is a driver of SA's cash economy, while digital literacy is a function of poor internet access and smartphone penetration, impacting technology acceptance. Another contribution of RO1 relates to the assessment of SMME creditworthiness as FinTechs lend on a cashflow basis, but as SMMEs mainly operate in the cash economy, it is difficult to assess their ability to pay back loans. Beyond this, the extent of marketing is impacted by the perceived risk of SMMEs and risk appetite of a FinTech/MBO, as SMMEs might not be a target market for these lenders. While trust is a common psychological factor found in relationships between SMMEs and banks, the literature did not consider it to be a perceived risk, yet participants found them to be linked as SMMEs did not trust FinTechs/MBOs. Finally, while capital constraints were not confirmed by the data gathered, it did link to borrowing costs as the capital light strategy of FinTech/MBO operators was discussed in the literature.

RO2 – Critical Success Factors for Strategic Alliances

Table 5 consolidates the CSFs identified for a strategic alliance, comparing participants findings to the literature.

Table 5: Summary - CSFs for Strategic Alliances

Literature Findings	Study Findings	Conclusions
Strategic Alignment	Common Purpose	Identified
Partner Trustworthiness	Trust between the parties	Identified
	Communication	New Insight
	Financial Commitment	New Insight
	Risk/Reward	New Insight
Management Dedication	Leadership Commitment	Identified
Cultural Compatibility	Cultural Fit	Identified
	Complementary Capabilities	New Insight
	Legal Considerations	Partially Identified
Competence and Expertise		Unconfirmed

Several of the CSFs in the literature were identified by participants, while new insights were also found; however, competence and expertise remained unconfirmed, as participants were split on its importance when introduced during the interview process. The literature stated that without mutual trust and open communication, no alliance could be successful, as it is needed for strategic alignment, which also links to risk appetite as product profitability impacts shareholder satisfaction. In addition, the risk/reward model aligns with financial commitment of the partners. While roles and responsibilities and partner contributions must be defined for collaborative benefit, alignment is not possible without leadership commitment (identified), which drives the short-, medium-, and long-term objectives of the alliance; with this defining the journey for stakeholders and staff and sets KPIs. The literature also found that cultural fit is needed to have a successful working relationship, but this must be identified at the start. In addition, complementary capabilities raised by participants relates to how partners help each other achieve their own strategic priorities, while legal considerations factor in the perceived risks of security and regulation, and again introduces the element of trust.

RO3 – Leveraging Partnerships to Improve SMME Finance Access

Table recaps on how participants thought a Bank-MBO partnership could be leveraged to bridge the SMME financing gap and compares this to the literature findings.

Table 6: Summary - Leveraging Partnerships to Improve SMME Finance Access

Literature Findings	Study Findings	Conclusions
Physical Resources	Bank, Telco, and FinTech/MBO network	Identified
Financial Resources	Balance Sheet Lending	Identified
	Customer Base	New Insight
Brand Equity (BE)	BE, Trust, and adoption of MBO services	Identified
Intellectual Property	Intellectual Property and Technology	Identified
Information Asymmetry		Unconfirmed
Diffusion of Innovation		Unconfirmed
HR	HR / Skills and Expertise	Identified
	Risk Management	New Insight

This RO focussed on elements of the **RBV**, particularly the role of tangible and intangible assets in developing a competitive advantage for an alliance, with participants identifying most resources that are required; however there were two new insights, while two elements from the literature remain unconfirmed. Physical infrastructure, including virtual platforms (IP), used to service customers, were found to be critical by participants, aligning with the literature that confirms MBO/FinTech platforms drive SMME credit growth. This is important for creating awareness, and for marketing to customers, and thus can build brand equity for the alliance. It was also confirmed by participants that ease of use correlates with actual use of FinTech. In addition, participants felt banks provided balance sheet lending as they understood risk management and regulation better (linking to HR / skills and expertise), while Telcos were less knowledgeable and used capital for growth of their core network. Customers were then raised as a new crucial resource, with both banks and Telcos having significant customer bases, however the Telco SMME customer base could be leveraged by the alliance. This is however not a new contribution as Gupta and Lehmann (2003) have previously written about “Customers as Assets”.

The literature recognised that leveraging the strong brand equity of a bank and Telco could positively impact the alliance. Participants also raised its links to awareness, trust, and marketing, with the latter two elements driving a stronger brand equity as it creates brand awareness and attractiveness. As FinTechs are new entrants, concerns were raised about data security and fraud, which links to the lack of financial and digital literacy, however MBOs were thought to benefit from the BE of their Telco parent, with participants noting how this BE positively impacts adoption of MBO services. Finally, combining bank capital with an MBO platform could result in increased SMME lending activity, as micro-level non-financial data improves information asymmetry and assessment of creditworthiness, while diffusion of innovation accelerates through virtual platforms, but these were unconfirmed by participants.

6.2 Contributions of this study

As a consequence of the confirmation of factors and the new insights that were highlighted in the tables relevant to the findings against each Research Objective, there are a number of practical contributions that have been made. These have been highlighted in the Managerial Implications for organisations.

In addition, the Technology Acceptance Model (TAM) and the Resource Based Theory (RBT) have been applied to guide this study, and provide further applications of these theories to research.

6.3 Limitations and Further Research

The main limitations of the study are the limited non-random sample size of twelve respondents, and the qualitative approach adopted for the research strategy, which consequently leads to non-generalisability of the results of the study to the population. Further research could be conducted on a larger sample size, and using a quantitative approach to test the results.

Furthermore, the BMP (Bank-MBO Partnership) framework was created to improve access to finance for SMMEs, but it could be used to create a holistic financial services model that incorporates all banking products; however, its feasibility needs to be assessed, with value and retention equity (Bick, 2009) also important in determining an SMMEs perception of the value they are gaining, and their propensity to remain loyal to the alliance. In addition, further research on the legal and regulatory environment is needed, as these areas are less clear regarding a partnership between a bank and an MBO, while the type of alliance to be created also needs investigating before a position can be solidified. Finally, more work would need to be done on the impact of relationship marketing on SMMEs to determine if this is a feasible approach and if it is actually required by customers in this segment.

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